

# DAILY REPORT

*China*

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USSR ACCUSES U.S., UK OF ABM TREATY VIOLATIONS

OW120256 Beijing XINHUA in English 0243 GMT 12 Feb 86

[Text] Moscow, February 11 (XINHUA) -- The Soviet Union today accused the United States of violating the Anti-Ballistic Missile Treaty (ABM Treaty) by deploying two new large radars on the Shemya Island of the Aleutian Islands and in Greenland. Vladimir Morozov, deputy head of the Press Department of the Soviet Foreign Ministry, told reporters here today that one such radar is deployed on the Shemy Island of the Aleutian Islands. The construction has involved, in violation of accords reached, the use of elements tested on anti-missile defense targets, Morozov said. Work is also under way to build a phased-array radar of the Pave Paws type in Greenland, which, Morozov said, is a direct violation of Article 6 of the ABM Treaty reached between the Soviet Union and the United States in 1972. Morozov told reporters that the British Government too has of late embarked on a policy of undercutting the ABM Treaty. This is borne out by plans to deploy a new U.S. radar in the area of Fylingdales Moor in North Yorkshire. Although it is being claimed to cover up these plans that it is merely provided to modernize an American radar already existing there, what is meant in fact is the construction of a totally new facility of a totally new design, he noted. In the event of the implementation of these plans, the British Government would become directly involved in breaking the ABM Treaty of 1972, he said.

EAST, WEST EXCHANGE 'INTELLIGENCE AGENTS'

OW111754 Beijing XINHUA in English 1602 GMT 11 Feb 86

[Text] Berlin, February 11 (XINHUA) -- A total of eight intelligence agents were released in a dramatic East-West spy exchange here today. Western sources said three agents in addition to a Soviet computer expert were handed over by the East and five agents by the West. The Democratic German official news agency ADN announced that there were "several spies among those released." ADN said the exchange came after an agreement between the United States and Federal Germany on one side and the Soviet Union, Czechoslovakia, Poland and Democratic Germany on the other. Other reports said the negotiations for the exchange lasted for several months. The exchange took place at Berlin's Glienicke Bridge border crossing this morning, where on February 10, 1962 Francis Gary Powers, American pilot of a U-2 spy plane shot down by the Soviets, was traded for convicted Soviet master spy Rudolf Abel.

It was learned that the three released from East bloc jails included two West Germans, Wolf George Frohn and Dietrich Niestroj, and Czechoslovak Jaroslav Javorsky. Frohn, 41, was arrested in Democratic Germany in 1980 and sentenced in 1982 to life imprisonment for spying for West German intelligence. Niestroj, 50, was arrested during a stay in Democratic Germany in 1981 and sentenced in 1982 to life imprisonment on spying charges. Javorsky fled to Federal Germany and then returned to Czechoslovakia, where he was arrested and sentenced to 12 years for espionage in 1981. Soviet computer expert Anatoliy Shcharanskiy, 37, was sentenced to 13 years in prison in 1978 on charges of spying for the U.S. Central Intelligence Agency. The United States denied the allegations, saying he was a Soviet dissident asking for permission to emigrate to Israel. He was freed today separately shortly before the spy exchange. The five released by the West included Polish Lieutenant Colonel Jerzy Kaczmarek, 33, awaiting trial in Federal Germany since his arrest in March 1985. The others were: Yevgeniy Zemlyakov, 39, a member of a Soviet trade mission to Cologne, Federal Germany, was sentenced to three years in prison last September for computer spying; Detlef Scharfenroth was a Democratic German serving a four-year prison sentence in Federal Germany since last June for spying; Karl and Hana Koecher, a native Czechoslovak couple awaiting trial in the United States on suspicion of trying to infiltrate the CIA.



AMBASSADOR TO UN CONDEMNS APARTHEID POLICY

OW120640 Beijing XINHUA in English 0630 GMT 12 Feb 86

[Text] United Nations, February 11 (XINHUA) -- The root cause for the turbulent situation in southern Africa lies in the South African authorities' apartheid policy inside and the policy of aggression outside, said Chinese Ambassador Li Luye here today. Li, China's permanent representative to the United Nations, made these remarks at the Security Council meeting this morning. The Council began its current consideration of the situation in southern Africa on February 5 at the request of the African group. Today's meeting is the sixth in a row.

Referring to the policy of destabilization pursued by the Pretoria regime against its neighbors, the ambassador said that South Africa has since last year repeatedly dispatched troops into Angola, Botswana, and Lesotho, killing many innocent people. It has threatened to launch an armed invasion of Zimbabwe. Under the threat of aggression from the South Africa racist regime, he said, the newly-independent frontline states and other countries in southern Africa enjoy no security at all.

He said the racist regime has tried hard to justify its policy of aggression under the pretext of combating terrorism. "This is nothing but a sheer confusion of right and wrong," he added. It is the apartheid regime, he said, that is carrying out terrorist acts. It has not hesitated to employ large numbers of troops and police to suppress the struggle of the South African people, enforcing a reign of terror. Its troops have even crossed borders in pursuit of the refugees and carried out subversion and military intrusion into the neighboring countries. To eradicate terrorism in southern Africa, he said, the apartheid system must be eradicated, since it is the root cause for terrorism in the region.

The realization of peace and stability in southern Africa is the ardent desire of the peoples in the region and the unanimous call of the people of the world, he said. He praised the frontline states and other countries in the region for their unremitting efforts to this end. However, he said that South Africa has recently proposed to its neighbors to set up so-called "permanent joint mechanism" and threatened that should this proposal be "ignored or rejected," it would "take effective measures in self-defense." He said that the essence of this proposal is simply to legitimize South Africa's wanton interference in the internal affairs of the neighboring countries and to create excuses for armed intrusions into these countries. "The Chinese delegation holds that if the South African authorities truly want to improve their relations with the neighboring countries, they must abandon the hypocritical rhetorics and demonstrate their sincerity by actual deeds," he said. They must immediately cease their aggression and threat against their neighbors, unconditionally terminate their illegal occupation of Namibia and eradicate the system of apartheid, he said. Otherwise, he said in conclusion, no matter how hard the South African authorities may try, they will never be able to stop the just struggle of the South African people against apartheid and that of the Namibian people for national independence. The Council will meet again tomorrow, when the present round of discussions on southern Africa is expected to end.



REAGAN 'OPTIMISTIC' ABOUT ARMS CONTROL ACCORD

OW111854 Beijing XINHUA in English 1841 GMT 11 Feb 86

[Text] Washington, February 11 (XINHUA) -- U.S. President Ronald Reagan told the WASHINGTON POST Monday he is "optimistic" that the United States and the Soviet Union will reach an arms control agreement this year on intermediate-range nuclear missiles in Europe. He said in his interview, made public today, that the agreement could be reached because Soviet leader Mikhail Gorbachev is no longer requiring abandonment of a U.S. missile defense system known as the "star wars" program as a condition. He said the latest Soviet position conveyed in a meeting with U.S. Senator Edward Kennedy in Moscow is "a hopeful sign" although there are "points that have to be worked out."

Kennedy told a news conference soon after his return from Moscow on Saturday that Gorbachev had tied the timing of his next summit with Reagan to progress toward an agreement on the intermediate-range missiles. Reagan said yesterday he cannot believe that Gorbachev would want to scrap the summit and said the Soviet leader had agreed at the close of their Geneva meeting that there should be a second summit in the United States this year and a third summit in the Soviet Union in 1987. He said he continues to want the second summit to be held in June or July of this year so that it doesn't interfere with U.S. (?election) this fall. The Soviet Union had proposed to postpone the second summit until September. However, Reagan said the Soviet positions on British and French nuclear forces and on Soviet intermediate-range missiles in Asia remain obstacles to an agreement. Meanwhile White House spokesman Larry Speakes said yesterday that the United States very much appreciates the report of Kennedy on his meeting with Gorbachev in Moscow.

CONSULTATIONS UNDER WAY WITH NEW HAITIAN GOVERNMENT

OW080118 Beijing XINHUA in English 0106 GMT 8 Feb 86

[Text] Washington, February 7 (XINHUA) -- The United States is consulting with the new Haitian Government about its plans for the future and how the United States could be helpful, the State Department said today. The U.S. position was made after a five-member national council was formed in Haiti to replace former President Jean-Claude Duvalier who fled the country earlier this morning, ending his family's 28-year authoritarian reign in Haiti.

The State Department said earlier today that at a "direct request" for the transportation from Duvalier, a U.S. Air Force C-141 plane flew Duvalier and 23 members of his family earlier today to temporary exile in France. State Department spokesman Bernard Salt said this afternoon "the Government of the United States and France cooperated in facilitating the peaceful departure from Haiti of President Duvalier in order to ease the transition in Haiti and reduce the possibility of bloodshed." "We are consulting with the new government on the conditions under which we would have relations. The United States remains committed to respect for democratic government and human rights," he added.

Defense Secretary Caspar Weinberger said this morning that the U.S. was very anxious to have stable conditions in Haiti. Weinberger also said the United States was prepared to step in if the lives of the 6,000 to 7,000 Americans in Haiti were threatened. The United States is now holding 26 million U.S. dollars in aid to Haiti and the State Department has asked Congress for new aid for Haiti amounting to 52 million dollars in the next fiscal year.

RENMIN RIBAO COMMENTARY ON 'TEAM SPIRIT-86'

HK120346 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 11 Feb 86 p 2

[Short commentary: "Military Exercises that Worsen the Atmosphere"]

[Text] On 10 February, the United States and the South Korean authorities flagrantly staged a joint military exercise called "Team Spirit-86" in the Southern part of Korea. Undoubtedly, this military exercise will worsen the atmosphere, which had already been relaxed through dialogue between the two sides of Korea.

The Government of the Democratic People's Republic of Korea long ago declared its decision to halt large-scale military exercises in the Northern part of Korea starting from 1 February and suspend all military exercises during the North-South dialogue period, and repeatedly asked the United States and the South Korean authorities to adopt the same measures. However, the United States and the South Korean authorities have turned a deaf ear to the plea and are clinging obstinately to their reckless course. This is very unpopular.

Last year, the many dialogues held by the two sides in Korea made some headway, thus initially alleviating the tension on the Korean peninsula and bringing new hope of independently and peacefully unifying the country to the Korean people who have suffered national separation for a long time. Therefore, it is supported by all the Korean people and welcomed by all Asian countries. Under these circumstances, it is imperative to strive to strengthen further the understanding and trust between the two sides, promote dialogue, truly relax tension on the Korean peninsula and open up new prospects for the independent and peaceful unification of Korea. The important decision of the Korean Government to halt military exercises at the beginning of the new year is a big step in this direction, demonstrating the sincere hope of the Northern part of Korea of alleviating tension through dialogue and realizing independent and peaceful unification. On the contrary, although the United States and the South Korean authorities ever verbally express their willingness to settle various differences through dialogue, they act differently. This kind of two-faced and insincere behavior will not do any good in promoting dialogue between the sides, but will deepen mistrust and antagonism between them. Therefore, it is only right and natural for impartial world opinion to condemn and oppose it.

The United States and the South Korean authorities should face reality in judging the times and sizing up the situation, and do nothing against the will of the Korean people.

DPRK CONDEMNS 'TEAM SPIRIT-86' EXERCISE

OW120221 Beijing XINHUA Domestic Service in Chinese 1139 GMT 11 Feb 86

[By reporter Gao Haorong]

[Text] Pyongyang, 11 Feb (XINHUA) -- The Korean Government and people strongly condemn the U.S.-South Korean joint military exercise "Team Spirit-86" scheduled to begin on 10 February, pointing out that the large-scale joint military exercise held by the United States and the South Korean authorities in the "International Year of Peace" goes against the will of the people.

In a statement issued on 10 February, a spokesman of the Korean Ministry of Foreign Affairs pointed out that the United States and the South Korean authorities, responding to an appeal for peace with confrontation and the sound of guns, have spoiled the atmosphere of peace and dialogue on the Korean peninsula.



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In response to the "Team Spirit-86" joint military exercise, the Supreme Command of the Korean People's Army [KPA] on 10 February issued an order calling on the KPA and the worker-peasant Red Guards to be ready for combat mobilization. Mass organizations, such as the Korean Committee for the Peaceful Reunification of the Fatherland and the National Committee for Supporting Peace, have also issued statements and memorandums, refuting the lies of so-called "defensive nature" and "annual routine" of the United States and the South Korean authorities. In Pyongyang City and various provinces of Korea, the people have held one rally after another to express their utmost indignation over the joint military exercise brazenly held by the United States and the South Korean authorities. The three delegations of the North side to the Korean North-South dialogue also issued a joint statement pointing out that dialogue during the military exercise will not yield any fruit; it also announced that the three North-South talks originally scheduled for January and February will be postponed until after the end of the military exercise.

This year is International Year of Peace. People are very worried about the joint military exercise held by the United States and the South Korean authorities.

#### DPRK FILM REFLECTS DESIRE FOR REUNIFICATION

OW071333 Beijing XINHUA in English 1305 GMT 7 Feb 86

[Text] Pyongyang, February 7 (XINHUA) -- A new Korean film reflecting the people's desire for reunification of their fatherland has been shown in all cinemas here since the beginning of this year, arousing a strong response and widespread sympathy among the Korean people. The film, entitled "The Spring Snow Is Melting," with its complicated plots, depicts a marriage story of a girl called Yong-a and a boy named Nam-su, two overseas Koreans in Japan who came from different sides of Korea and married at last after overcoming all kinds of hardships and difficulties including opposition to their marriage by the girl's mother and uncle who lives in Seoul. This film, produced by the Korean Film Studio of Arts, is in two parts. It lasts five hours and ends with a scene of a snow mountain's avalanche in the spring sun which symbolizes the bright future of the peaceful reunification of Korea.

Eulogizing the film, Korean chief paper NODONG SINMUN said in a commentary that "The Spring Snow Is Melting," by describing the real life of various figures, reflects the needs and urgency of national unity and the reunification of the fatherland. It is of realistic significance for the Korean people and their compatriots to unite as one for the reunification.

#### JAPAN TO START SATELLITE SURVEILLANCE IN THAILAND

OW081805 Beijing XINHUA in English 1503 GMT 8 Feb 86

[Text] Bangkok, February 8 (XINHUA) -- Japan is to establish its first overseas satellite surface surveillance station in Thailand this April, local press reported today quoting authoritative sources. The planned surveillance station which is worth 800 million yen (4.21 million U.S. dollars) is to receive information from marine observation satellite and is able to monitor marine information from the Philippines, Indonesia and Eastern India.

This marks the first step of Japan to develop remote sensor network in Southeast Asia which may later be extended to Australia, the report said. Countries like Australia and Indonesia have already shown their interests to share the marine information received by the planned surveillance station. According to the report, Japan is planning to launch marine observation satellite No. 1 in early 1987. The satellite which will travel around the earth and scan its surface one in every 17 days, is able to collect more information than the land satellites now commonly used.



HARD WORK OF LU PING'S GROUP IN HONG KONG CITED

HK060917 Beijing XINHUA Hong Kong Service in Chinese 1327 GMT 4 Feb 86

[Text] Hong Kong, 4 Feb (XINHUA) -- The legal specialists group headed by Lu Ping, secretary general of the Hong Kong and Macao Affairs Office and concurrently deputy secretary general of the Basic Law Drafting Committee, has been in Hong Kong for a month, and will be leaving for the mainland with the planned tasks fulfilled.

Reviewing the Past Month

The specialist group consists of 12 members who arrived in Hong Kong on 4 January. Most of them are the cream of science and law circles, famous in China. The majority are over 50, and some are well advanced in age. They made light of the distance of thousands of miles from Beijing to Hong Kong. Without a proper rest, they started their investigation and research day and night, occupying themselves in a series of activities in listening to the suggestions of the Hong Kong people.

Over the past month, they have had contact with people of various strata in Hong Kong, and have held more than 100 discussion meetings of various sizes. On average, their activities involved from three to four items per day. In one day, nine activities were arranged for them from morning until night. The specialist group has successively visited 1,100 people, including NPC delegates in Hong Kong; CPPCC members; members of the Basic Law Drafting and Consultative Committees; personages of political, industrial and commercial, and banking and trade circles; navigation, labor, and education circles; press, movie and television circles; legal, religious, and women's circles; social organizations; professional people; and government workers. This means that the specialist group has come into contact with 1 in every 5,000 Hong Kong people and listened to their suggestions. Such a figure and a proportion cannot be called large, but it is remarkable considering the short time in which all this was accomplished. The specialist group has also visited government organs, courts of justice, the stock exchange, the gold and silver exchange, factories, dockyards, schools, cultural centers, shopping centers, the race course, and temples, to see for themselves how society operates in Hong Kong and conditions in other respects.

Wherever they went, the specialist group met with a warm reception and welcome from people of all strata. Chu Tsu-han, chairman of the Chinese Chamber of Commerce and Industry, said in his welcoming speech: "Since the specialist group arrived in Hong Kong from Beijing, it has begun a series of activities, contacted personages of various circles, and learned about the environment of Hong Kong on the spot as reference material for the drafting of the basic law. This has proved that the Chinese authorities attach importance to local public opinion, and the Hong Kong people are happy about it." Huang Yun-tian, vice chairman of the Buddhist Association, admired the specialist group's spirit of doing solid work, penetrating all strata seeking advice. He said: "The fact of the specialists coming to Hong Kong to make on-the-spot investigations to gain a profound understanding of the situation has shown that the Chinese authorities have adopted very meticulous and serious measures in carrying out this unprecedentedly arduous work, drawing up the basic law for the future government of Hong Kong in line with the tentative concept of one country, two systems."

Common Concern for the Basic Law

Since the formal initialing of the Sino-British joint declaration on the question of Hong Kong, the 5 million Hong Kong people have more and more come to understand that the fate of the Hong Kong people is closely related to the future of Hong Kong, as well as to China's future.

The Sino-British joint declaration has already sketched the future Hong Kong, and the more specific basic law will draw a blueprint for the Hong Kong special administrative region after 1997. Therefore, the basic law has naturally become the focus of common concern for the 5 million Hong Kong compatriots.

Over the past month, the activities of Lu Ping and the specialist group have almost become daily important news items in various Hong Kong papers and radio and TV stations. Through the media, Lu Ping, as representative of the specialist group, has become a figure known to everybody in Hong Kong. It is precisely out of such common concern for the basic law that the people of all circles in Hong Kong have proposed many valuable suggestions to the specialist group through face-to-face contacts, written reports, and letters. Suggestions were proposed on such issues as the structure of the basic law, the relationship between the basic law and the Constitution, the link between the reform of the Hong Kong government system and the basic law, the selection of the top government officials of the Hong Kong special administrative region, the relationship between the future administrative organs and legislative organs, the relationship between the central government and the special administration regional government, the rights and obligations of citizens, and right to interpret and to revise the basic law. One of the Hong Kong members of the Basic Law Drafting Committee, known as "the most enthusiastic," has himself drafted a program for the basic law, which he presented to the specialist group for their reference. In addition, the specialist group has received many written reports on the drafting of the basic law by many organizations and professional people.

Of course, during this process, different social strata and people of different political views have aired their viewpoints and worries, including such questions as: Will the basic law be affected by the "four cardinal principles"? Will capitalist social operation of Hong Kong be impeded? If the reform of the Hong Kong government system fails to fall in line with the basic law, will it affect the stability of Hong Kong? Will "Hong Kong people ruling Hong Kong" eventually become "Beijing people ruling Hong Kong"? Will there be legal guarantees after the basic law is drawn up? Will it be interfered with by the "rule of men" and be arbitrarily explained and revised? Lu Ping and the specialist group have listened to these questions in earnest, and discussed them with people in a harmonious atmosphere.

#### A Speech of Sincere Words and Earnest Wishes

In view of past experiences, quite a number of Hong Kong people have shown their doubts and worries. This is entirely understandable. However, the times are marching on, and some of their doubts and worries are really unnecessary.

Take the issue of "Hong Kong people ruling Hong Kong," which has been most talked about in the media. Will the formulation "Hong Kong people ruling Hong Kong" be dropped from now on? Will "Hong Kong people ruling Hong Kong" eventually become "Beijing people ruling Hong Kong"? Lu Ping and the specialist group have repeatedly answered these questions, the most representative of which is a speech by Lu Ping to industrial and commercial personages at the Chinese General Chamber of Commerce on 11 January.

In his speech, apart from sincerely hoping the personages of industrial and commercial circles would air their views on the future political system of Hong Kong, the administrative organs, the legislative organs, government officials, and elections, he repeatedly touched upon the issue of "Hong Kong people ruling Hong Kong."



Lu Ping said: "Some people say the formulation of 'Hong Kong people ruling Hong Kong' will no longer be proposed. This is wrong, and a misunderstanding. State policy is quite clear about it, Hong Kong will exercise a high level of autonomy in the future. Hong Kong people will rule Hong Kong as a matter of course. Beijing people ruling Hong Kong is a complete impossibility, and it is unnecessary. The principle of Hong Kong people ruling Hong Kong will remain unchanged, and the spirit of the joint declaration will remain unchanged from beginning to end."

And he said: "Speaking of the anxiety concerning our interference in Hong Kong's affairs, it is neither possible nor necessary."

Lu Ping also said: "Hong Kong pursues capitalism, and the mainland socialism. What we are familiar with is the socialist system, but not capitalist matters. So it can only be Hong Kong people ruling Hong Kong. It is unnecessary to worry about it; it is misunderstanding us, failing to understand our policy."

Here, on three occasions, Lu Ping said "unnecessary," and the personages of the industrial and commercial circles present kept saying that Lu Ping was sincere, and that it was a speech of sincere words and earnest wishes, and an enlightenment to them.

Practice is the best test for judging truth. People can see from the words and actions of the specialist group in Hong Kong that the Basic Law Drafting Committee, which has shouldered a historical mission, is certainly working hard on the basis of pooling the wisdom of the masses, and that it will put the spirit of "Hong Kong people ruling Hong Kong" into the basic law in rigorous legal terms, and that other problems will also be appropriately solved.

#### SIHANOUK HOLDS SPRING FESTIVAL CELEBRATION

OW111648 Beijing XINHUA in English 1633 GMT 11 Feb 86

[Text] Beijing, February 11 (XINHUA) -- Officials of the Chinese Foreign Ministry and other departments gathered with Samdech Norodom Sihanouk, president of Democratic Kampuchea, Madame Sihanouk and other Kampuchean friends here this evening to celebrate the traditional Spring Festival. The get-together took place at the Beijing residence of President Sihanouk.

Attending were Chinese Vice-Foreign Minister Liu Shuqing, leading members of the Chinese People's Institute of Foreign Affairs, the Ministry of Culture and the Beijing Municipality. Also present were diplomatic envoys of Democratic Kampuchea and some ASEAN member states. Performances were given by Chinese artists at the get-together.

#### FURTHER REPORTAGE ON PHILIPPINE ELECTION

##### Senator Lugar on 'Manipulation'

OW081908 Beijing XINHUA in English 1901 GMT 8 Feb 86

[Text] Manila, February 8 (XINHUA) -- Richard Lugar, the chief of the U.S. observers team monitoring the Philippine presidential election, today accused the Philippine Election Commission of "managing" the election results. In an interview shortly after his arrival in Cebu, Richard Lugar, who is chairman of the U.S. Senate Foreign Relations Committee, bewailed the slow counting of votes by the Commission on Election (Comelec). "It appears to me that there was management of count and that only 10 percent of the election results were available this morning," he said. "That is very disturbing."



In a separate interview in the chapter office in Cebu of the National Movement for Free Elections (Namfrel), Lugar bewailed the failure of many voters to see their names in the list of registered voters. According to Namfrel chairman Jose Concepcion, 10 percent of Metro Manila voters or about 400,000 voters were disenfranchised. This, he said, would "greatly affect results of the elections." "I am of the impression that the more we travel around the country there was a gross problem with regard to the voting list," Lugar said. "We keep hearing of this bizarre situation of intimidation of voters in some parts of the country. It is certainly not democratic," he said. He said if there was a stall that went on for hours, it just simply defied any other explanations, other than gross manipulation.

#### Beijing Tagalog Report

HK090625 Beijing International Service in Tagalog 1130 GMT 8 Feb 86

[Text] XINHUA NEWS AGENCY reports from Manila: Preliminary unofficial election returns from 140 out of 85,797 precincts show reelectionist President Ferdinand Marcos leading his opponent 3 to 1. However, the final official tally by the Commission on Elections will only be known on Monday. This election has been marked by widespread killings, vote buying, and harassment by armed goons. Nonetheless, there was a heavier turnout of voters than during the 1984 parliamentary elections.

Independent poll watchers said that harassment and intimidation in many places seriously infringed on the votes of the 26 million Filipinos. Not less than 35 persons were killed in election violence and most of the victims were opposition supporters. In Makati, goons entered precincts and mauled poll watchers, according to Jose Concepcion, chairman of the National Citizens Movement for Free Elections [Namfrel]. Priests and nuns held onto the ballot boxes so that they would not be snatched. Namfrel charged elections officials with fraud. According to a Namfrel spokesman, supposed indelible ink was found to be easy to erase.

Marcos voted in his hometown in Batac, Ilocos Norte, while Mrs Aquino cast her vote in San Miguel, Tarlac. Meanwhile, opposition vice presidential candidate Salvador Laurel voted in Tanawan, Batangas. The PHILIPPINE NEWS AGENCY quoted Laurel as saying that he would have no choice but to accept the people's choice if elected vice president to President Marcos. Laurel made this statement amid reporters from the KBL [Kilusang Bagong Lipunan] and United Nationalist Democratic Organization camps that the Marcos-Laurel combination might triumph.

In Washington, U.S. President Ronald Reagan said that whoever is elected president in the Philippines, the United States will strive to maintain its bases in the country. Reagan added that he hoped that U.S.-Philippine friendship will be preserved regardless of the Filipino people's choice for president.

#### Marcos, Aquino Speak

OW111518 Beijing XINHUA in English 1504 GMT 11 Feb 86

[Text] Manila, February 11 (XINHUA) -- President Marcos said here today that he was prepared to invite Corazon Aquino and other oppositionists to a council of state he is to organize, while Mrs. Aquino announced today the election was a fraud and she had actually won.

Speaking in a brief press conference at the presidential palace this afternoon, Marcos said, "I intend to organize a council of state to be composed of members of the political groups, including majority and opposition parties, former foreign ministers, presidents and candidates for president." He said that the council would be the highest advisory body in the government. Mrs. Aquino, Marcos said, could introduce whatever measures she thinks are needed to carry on the government's programs and if that is good to adopt then he will adopt it.

At the same time, the president sought to allay fears of post-election violence, saying that his administration is trying to keep away from a situation where there will be confrontation. Marcos said that he will abide by the decision taken by the National Assembly regarding their declaration of an election victory. Corazon Aquino issued a statement to the press here today especially for her "foreign friends." She accused what she called the "most shameful electoral fraud." She also noted that her campaign van was shot and a provincial campaign chairman and a campaign worker were killed. "The counting was slowed down and the government reached again into its seemingly inexhaustible bag of tricks for yet another means to cheat the people of their victory." Corazon declared. She asked Marcos to concede now, saying "so that I can begin the process of reconciliation in a climate of unity, unity and peace."

#### Canvassing Beings

OW111912 Beijing XINHUA in English 1845 GMT 11 Feb 86

[Text] Manila, February 11 (XINHUA) -- The Philippine National Assembly began the official canvass of election results tonight after ironing out the kinks in the canvassing procedures. The assembly convened this afternoon for the canvass but the counting could not start until parliament members from the ruling and the opposition reached an agreement on the canvassing procedures after a nearly five-hour debate.

The boxes containing certificates of canvass were opened in front of a bipartisan board of tellers and the whole assembly one by one. The ten-member board of tellers was created yesterday to assist the speaker in the tabulation. Up to 9:00 p.m. this evening, the assembly has received 103 certificates of election returns out of a total of 137, the secretary general of the National Assembly announced. The assembly has set aside 15 session days for the tabulation of the certificates. The final results of the tabulation will be the basis proclaiming the winners in the presidential and vice-presidential contest. The National Assembly building was placed under heavy guard as thousands of supporters of Corazon Aquino were anxiously waiting outside for the results.

#### THAI-JAPANESE CONCERN FOR SOVIET BASES IN SRV

OW111205 Beijing XINHUA in English 0901 GMT 11 Feb 86

[Text] Bangkok, February 11 (XINHUA) -- Thailand and Japan share the view that the Soviet military bases at Vietnam's Da Nang and Cam Ranh, besides posing a threat to Southeast Asia, affect Japan and the rest of the world as well. Asa Sarasin, deputy foreign minister, made this remark here yesterday after his meeting with visiting Japanese Deputy Foreign Minister Shinichi Yanai. He said Thailand and Japan had expressed worries over the Soviet military installations in Vietnam. Yanai briefed Asa on the recent Japanese-Soviet foreign ministers' meeting in Tokyo. Thailand and Japan agreed that Japanese and Soviet leaders should keep on holding meetings, Asa said.

Referring to the Kampuchea issue, Asa said both countries demanded that Vietnam withdraw its troops from Kampuchea and let the Kampucheans decide their own destiny. Asa said the major problem that affects the development of Thailand's relations with Japan and the United States is the problem of Thai exports of textiles, canned food, steel tubes and rice to the two countries. He said Japan attaches great importance to the Association of Southeast Asian Nations (ASEAN) and is making efforts to promote cooperation with the private enterprises and governments of ASEAN countries.



CHINA-NEPAL FRIENDSHIP HIGHWAY REPAIRED

OW041251 Beijing XINHUA Domestic Service in Chinese 1155 GMT 29 Dec 85

[Summary] Katmandu, 28 Dec (XINHUA) -- Chinese and Nepalese construction workers held a rally at Fuerping today on the Chinese-Nepalese border to celebrate the completion and commissioning of the Balabis-Kedali section of the China-Nepal Friendship Highway. The highway, 114.479 kilometers in length, is the only roadway linking Katmandu with the Nepalese-Chinese border. With Chinese assistance, the highway opened to traffic in 1967. However, the Balabis-Kedali section was washed out by floods in 1981. According to an agreement reached between the Chinese and Nepalese Governments, China was to send a road construction team from Shandong Province to repair this section of the friendship highway gratuitously. Through close cooperation between the Chinese and Nepalese technicians and workers, the damaged roadway and bridges were repaired and rebuilt.

AFGHAN GUERRILLAS PREPARE FOR PROLONGED WAR

OW101348 Beijing XINHUA in English 1326 GMT 10 Feb 86

[Text] Islamabad, February 10 (XINHUA) -- Sixty seven Afghan civilians were killed or wounded last month in Russian bombardment and there is no indication that the Soviet Union is willing to pull out its troops from Afghanistan, although it is a must. This is said today by Gulbuddin Hikmatyar, president of the Afghan Islamic Party, in an interview with XINHUA. He said Soviet MIG-25s have resorted to frequent night raids on the Afghan mujahidin (holy-war fighters) caravans, causing heavy casualties.

Asked whether the Afghan resistance forces can sustain a prolonged war against the strong enemy, Hikmatyar said: "The resistance, far from subsiding, is being intensified. The Afghan mujahidin are prepared for a long war till their final victory." "They will never lay down their weapons before they win freedom of the country," he added. Hikmatyar contradicted the notion that Soviet occupation of Afghanistan has been a fait accompli. "The Russian troops," he said, "control a limited area of no more than ten percent of Afghanistan. Even their control of big cities is being weakened." He said that guerrilla bases are spreading all over the country and much stronger than before. It is not possible for the Russians to crush them. "Last year, we carried out big operations against almost all Russian military bases and airports in Afghanistan," the guerrilla leader said.

Speaking on the eventual solution to the Afghan problem, Hikmatyar said the key to the settlement of the issue is no other than the immediate withdrawal of Soviet troops from Afghanistan. Commenting on the Geneva indirect talks on the Afghan issue between Islamabad and Kabul, of which the sixth round of negotiation is scheduled to be held, he said the two warring parties in Afghanistan are the Soviet Union and the Afghan mujahidin. "Without the participation of the two sides," he said, "it is very difficult, if not absolutely impossible, to make any substantial progress in seeking a peaceful solution to the Afghan question."

With regard to the difficulties facing the mujahidin, he said: "The Afghan nation has paid dearly for the restoration of its independence. One million Afghans have been killed and 4.5 million more reduced to refugees in foreign lands since the Russian invasion six years ago." "Yet the Afghan mujahidin are still fighting in high morale," he emphasized.



REPORT ON SATELLITE LAUNCH AID TO SWEDEN

OW090234 Beijing XINHUA Domestic Service in Chinese 0854 GMT 7 Feb 86

[Beijing XINHUA Domestic Service in Chinese at 1423 GMT on 7 February transmits a service message: "Attention: Please postpone the use of the subitem No 44 'International News Briefs' transmitted on 7 February and entitled 'China Will Help Sweden Launch a Post-Telecommunications Satellite.' 7 February, XINHUA."]

[Text] Stockholm, 6 Feb (XINHUA) -- According to a Swedish press report on 6 February, China will help Sweden launch a Swedish-made post and telecommunications satellite.

(Klas Hongede), deputy general manager of the Swedish Space Technological Development Company, said that Sweden and China have reached an agreement of intent on using a Chinese rocket to launch a Swedish post and telecommunications satellite. According to this agreement, the Swedish Space Technological Development Company may sign an agreement with China on launching a post and telecommunications satellite within a year. The deputy general manager has also told the press that the Chinese people's proficiency in space technology is quite impressive.

FRANCE'S MITTERRAND REAFFIRMS NUCLEAR POLICY

OW090930 Beijing XINHUA in English 0915 GMT 9 Feb 86

[Text] Paris, February 8 (XINHUA) -- French President Francois Mitterrand today reaffirmed the independence of France's nuclear deterrent, indicating that France had no intention to share its defense system with its neighboring countries. At a conference on defense issues organized by the "Here and Now" movement, Mitterrand said that France had neither the means of having offensive weapons nor the will of acting on the offensive, as he referred to the existence of the French nuclear arsenal.

In terms of nuclear arms, Mitterrand said that he did not believe in the bellicose intentions of the Soviets but people were obliged to argue about the number of nuclear arms that the Soviets possessed. The president said that the Soviet Union and the United States each possessed about 10,000 nuclear warheads and that France had 150, which were sufficient for defense and for prevention of an eventual aggression. Mitterrand denied that France intended to extend its nuclear deterrent to neighboring countries including Federal Germany. He also made it clear that Federal Germany had shown no apparent desire to exchange United States nuclear backing for French protection.

ITALIAN PRIME MINISTER COMMENTS ON DISARMAMENT

OW111139 Beijing XINHUA in English 0729 GMT 11 Feb 86

[Text] Rome, February 10 (XINHUA) -- Italian Prime Minister Bettino Craxi today called for continued efforts to make progress in U.S.-Soviet disarmament talks in Geneva. He said: Wherever and whenever possible, new efforts should be made to narrow the gap between the standpoints of the two sides even on those issues with great differences.

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He made these remarks when he exchanged views at a meeting with Paul Nitze, U.S. President Ronald Reagan's special adviser on arms control, on the Geneva nuclear disarmament talks, the latest arms reduction proposal by Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan's personal letter to Gorbachev concerning the Soviet proposal, according to a government bulletin issued after the meeting. During the meeting, Nitze stressed the U.S. stand for arms reduction step by step through a balanced, effective and verifiable agreement, the bulletin said. Nitze also met Italian Foreign Minister Giulio Andreotti and Minister of Defense Giovanni Spadolini. He told reporters that his mission is to continue close consultations with the West European allies. Italy is the first leg of Nitze's West European trip. He is leaving for the Netherlands later today. Nitze will also visit Belgium, France, Federal Germany and Britain.



TRADE UNION DELEGATION CONCLUDES GDR VISIT

OW110820 Beijing XINHUA in English 0654 GMT 11 Feb 86

[Text] Berlin, February 10 (XINHUA) -- A Chinese trade union delegation left Democratic Germany today after a two-week visit which convinced them that bilateral union relations should be furthered for the benefit of socialist construction in both countries and the defence of world peace.

The Chinese delegation arrived here on January 26 and was headed by Chen Bingquan, vice-president of the All-China Federation of Trade Unions. The delegation visited Berlin, Dresden and some other GDR cities where they toured factories, farms, cultural facilities and welfare establishments and made extensive contacts with workers and host trade unionists at all levels. Shortly before their departure here today for Hungary, Chairman of the Free German Trade Union Federation Harry Tisch met with the group once again. Both sides agreed that the visit was "successful" and "fruitful", which marked a new phase of relationship between the two countries' unions and workers and further development of this tie would be helpful to building socialism in both countries as well as to safeguarding world peace.

HUNGARY'S RATKAI OPENS PRC PICTURE EXHIBITION

OW081108 Beijing XINHUA in English 1040 GMT 8 Feb 86

[Text] Budapest, February 7 (XINHUA) -- Hundreds of Hungarians, braving a bitter cold, visited an exhibition of Chinese Spring Festival pictures in the Museum of Hungarian Workers Movement here today. Visitors looked at the exhibits with great interest. A visitor told XINHUA that the exhibition "reflects the life of the Chinese people and their hope for a better future."

At the opening ceremony, Ferenc Ratkai, deputy minister of cultural and national education of Hungary, said that the Hungarian-Chinese cultural cooperation has entered a new period. "Our common task is to promote our cultural exchanges and strengthen understanding and friendship between our peoples," he added. Chinese ambassador to Hungary also attended the ceremony.

CSSR NEWS AGENCY CONDEMNS U.S.-S. KOREAN EXERCISE

OW120851 Beijing XINHUA in English 0823 GMT 12 Feb 86

[Text] Prague, February 10 (XINHUA) -- The extensive joint U.S.-South Korean military exercises, code-named Team Spirit-86, are a provocation jeopardizing peace in the Asian countries and the whole world, said a statement issued by the Czechoslovak news Agency CTK.

CTK said the Czechoslovak Government is rather disturbed by the maneuvers Team Spirit-86 which began in South Korea today in violation of mankind's longed-for improvement of the international situation, detente and disarmament. The statement stressed that the government supported the just demands of the Democratic People's Republic of Korea, including its proposal for the withdrawal of all nuclear weapons in South Korea and for turning the peninsula into a nuclear-free zone. An earlier announcement by the U.S.-South Korean command said the exercises, the 11th in the annual series, would involve about 200,000 military personnel, roughly 70 percent being South Koreans and 30 percent Americans. The announcement said the maneuvers are to continue until late April.



LIBERIAN VICE PRESIDENT RECEIVES CULTURAL GROUP

OW101944 Beijing XINHUA in English 1914 GMT 10 Feb 86

[Text] Monrovia, February 10 (XINHUA) -- Vice President of Liberia Harry Moniba received and had cordial and friendly talks here today with a cultural delegation of the Chinese Government headed by Lu Zhixian, vice minister of culture. Moniba noted that fine cooperation has been going on in many fields between Liberia and China, and the delegation's visit indicates the desire of the two peoples to further understand each other. He believed that the cultural exchange will not only promote mutual respect and understanding between the two countries but also benefit world peace. The delegation arrived here from Nigeria on February 8 for a five-day visit.

The Chinese vice minister has held talks with Director-General of the Government Bureau of Culture and Tourism Jallah Kamara, Minister of Information Carlton Karpeh and other government officials. Both sides expressed the hope to strengthen the cultural relations between the two countries. The delegation has also toured some cultural and historic sites. This is the first group of Chinese cultural envoys to visit the West African country since diplomatic relations between China and Liberia were established in 1977.

LAGOS EXHIBITION MARKS PRC-NIGERIAN RELATIONS

OW120743 Beijing XINHUA in English 0643 GMT 12 Feb 86

[Text] Lagos, February 11 (XINHUA) -- A photo exhibition was opened here today at Nigeria's National Museum to mark the 15th anniversary of the establishment of Nigerian-Chinese diplomatic relations. Addressing the opening ceremony, Nigerian Minister of Information and Culture Lt Col A.S.I. Ukpo described the Nigerian-Chinese relations as "very excellent" and said that the present military administration "attaches very great importance to its relations with China."

He said that although both China and Nigeria technically belong to the developing countries, "China has made tremendous strides in the fields of agriculture, industries and water resources by merely using basic tools and materials." Nigeria will be only too willing to tap from the enormous expertise and wealth of experience of the Chinese people imbued with the spirit of self-discipline, self-reliance, industry and patriotism, he said.

Also speaking at the opening ceremony, Chinese Ambassador Wang Yushen said that the two countries had had over 20 times of exchange of visits above ministerial level in the past 15 years. "These visits have greatly promoted mutual understanding between our two peoples and strengthened the friendly relations and cooperation between our two countries," he said. About 120 photos are on display at the exhibition. The first part is the record of the exchange of visits between senior leaders of the two countries and bilateral economic and cultural cooperation. The second part reflects the way of life of the Chinese people.

CUBAN COMMUNIST PARTY CONCLUDES CONGRESS

OW081858 Beijing XINHUA in English 1836 GMT 8 Feb 86

[Text] Havana, February 7 (XINHUA) -- The Cuban Communist Party (CCP) ended its third national congress here today after reelecting the Castro brothers into the top party leadership and including more economic specialists in the Politburo.

At the end of the 4-day congress, Fidel Castro and his brother Raul Castro were elected as first and second party secretaries for a third consecutive term of office. Sources said that more young and middle-aged Cubans and economic specialists were elected into the new Politburo and Central Committee. The proportion of blacks and women in these organizations was also increased.

Delegates to the congress approved an economic and social development plan for 1986-1990, which is aimed at expanding exports, developing more substitutes for imports, and practicing economy with energy saving in particular. To ensure implementation of the plan, the congress adopted a resolution on improving economic leadership and planning systems. The resolution points out that working people as a whole should be given a greater say in economic planning and its implementation and that financial resources should be rationally used. It also calls for reforming the price systems and linking wages to the result of the work of the laborers. The congress agreed on a number of revisions to the party's program and Constitution, which will be finalized at the second stage of the congress due to open toward the end of this year.

GUYANA-PRC SOCIETY CELEBRATES SPRING FESTIVAL

OW090254 Beijing XINHUA in English 0239 GMT 9 Feb 86

[Text] Georgetown, February 8 (XINHUA) -- The Guyana-China Friendship Society and the Chinese Association of Guyana jointly held a grand reception here this evening to celebrate the Chinese traditional Spring Festival. Guyanese President Desmond Hoyte, Prime Minister Hamilton Green, Deputy Leader and General Secretary of the People's National Congress R. Chandisingh and other officials attended the reception.

Chinese ambassador to Guyana Ni Zhengjian and other Chinese diplomats also attended the reception. President of the Guyana-China Friendship Society Wilfred Lee and Ambassador Ni spoke at the reception. Over two hundred people attended the reception.



'BRAVE STEP' IN 1985 REFORMS PRAISED, ENCOURAGED

HK12074 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 12 Feb 86 p 2

[Commentator's article: "A Brave Step"]

[Text] As an old Chinese saying goes: "In doing anything, it is difficult to begin." There is also a Western saying: "A good beginning means half done." When we review the process of economic structural reform in 1985 at the beginning of spring 1986, we, in particular, deeply understand the meaning of these two sayings. Through 1 year of efforts, we have already fulfilled the task of "ensuring the victory of the initial battle," a task put forth at the beginning of last year. In the first year of all-round reform, we took a fairly great step forward and scored an achievement better than we had expected. We have already made a good beginning. In Comrade Deng Xiaoping's words, last year we took "a brave step" on the path of our reform.

In carrying out reform, it is always necessary to overcome difficulties and to undergo hardship and risks. This is particularly true in China, a big country with a complicated situation. In carrying out our economic structural reform, we have to explore a path building socialism with Chinese characteristics. In whatever sense, this is a brand new undertaking. On the one hand, we have no successful precedents to which we can refer. On the other hand, the force of habit from the old system is still very strong. For several decades, our economic structure spun in an old orbit, but now we want to switch it to a new pattern. Undoubtedly, there will be extremely great difficulties and risks. In order to enact reform abolishing the old and establishing the new system, we cannot help but pay a certain price. We even must endure a certain degree of social turbulence. This turbulence is the jolting we must undergo in our progress and may cause dizziness for some people, but it is by no means the turmoil from which we have suffered bitterly. Nevertheless, this turbulence is a grim test of our economic and mental capacity for endurance. In the economic sphere, some problems have emerged in the process of reform; in the ideological sphere, there have indeed been some different views. It is the people's will to implement reform. But we cannot say that there are no differences in views or even no misgivings or objections regarding the actual measures and steps of reform, the estimate of the degree of reform's success and the part of reform directly involving some people's personal interests. What we should rejoice in is that in spite of the difficulties and risks we have encountered, we have not stopped our progress and have continued to forge ahead conscientiously and prudently. In many important aspects of our urban and rural economic systems, including the sensitive links of our price and wage systems and the system of agricultural and sideline products purchases, we have taken a brave step. This step was of far-reaching significance. Some foreign commentators also said that this was a "quiet revolution," which "revitalized China."

The facts of our successes have given us a convincing assessment of our courage in carrying out reform. Our rural reform began relatively early and people have a relatively clear view about it; therefore, there is no need to say much about it. In our urban economic structure, ownership structure has tended to diversify. In this structure, socialist public ownership naturally occupies a dominant position. Our enterprises have been invigorated, and we have effectively given play to the regulatory role of the market mechanism. We have greatly strengthened economic ties at home and abroad and begun to switch from the direct control management method to the indirect control management method. We have improved our people's living standards. A brand new situation has also emerged in the spheres of people's thoughts, views and lifestyles. We have smoothed our rough and bumpy path of progress and gradually reduced the complaints which, for a time were quite loud.

Facts have taught people to realize that reform is the only way out for us and that we have the courage and ability to follow this path of reform. The great and outstanding insight of the CPC Central Committee and the confidence and will of people all over our country were fully reflected in reforms last year. They are the basic guarantees for the sure victory of our cause.

"A principle for civil and military rule is that there should alternately be exertion and relaxation." Having taken the first brave step, this year the major task of economic structural reform is to do a good job in "consolidation, assimilation, supplementation, and improvement" on the basis of reform successes last year. At the same time, we should intensify our investigation and study and reform experiments in order to make good preparations for taking even more important steps of reform next year and in the year following it. Of course, this does not mean that our reform tasks are lighter now and we will stop pushing the reform forward.

After exerting ourselves in fighting one battle, we will consolidate our position in a planned manner and improve the economic and social results of the reform we carried out last year. This precisely means that we are to expand the achievements of the battle. We should satisfactorily solve some outstanding problems in order to remove the defects and maintain the advantages. In regard to the fact that we only adopted reform measures in major spheres at that time, we should carefully do our work in other spheres in order to have a complete set of measures for our reform. Through the above-mentioned work, our reform achievements will be more stable and desirable. These are all arduous and painstaking aspects of work, to which we should attach great importance and vigorously and satisfactorily accomplish.

In short, reform continues to be the first priority task of this year. All other aspects of our work should be conducive to reform and ensure the smooth progress of reform. At the very beginning of this year, with extremely great resolution and prompt measures, the CPC Central Committee grasped the work of setting our party style right and fighting against corruption inside our party and government. This conformed to the common aspiration of our people and party. One of the reasons for this was that these practices of corruption and unhealthy trends interfered with our great reform undertaking and undermined our four modernizations. Only by waging a resolute and sustained struggle against them can we ensure a stable social and political environment for our undertaking in socialist reform, a strong leading force giving play to the initiative of the vast number of people, and a situation where upper and lower levels unite as one and strive with one heart and one mind. Fighting corruption a correcting unhealthy practices by no means signifies a relaxation in reform nor the relinquishing of our reform. Precisely to the contrary, they are aimed at clearing obstacles to reform in order to further deepen it. The reform and rectification of our party style supplement each other. They have a common goal, namely, to rally people together to carry out the struggle and renew our efforts in order to build our country into a powerful modern socialist country with a high degree of civilization and democracy.

Without the "brave step" last year, there could not have been such a fine situation this year; if we stop here, we will obtain lesser results or fail to maintain this step. All our work this year is, after all, to be carried out around the aim of taking a new step in reform. Here we should display the persevering spirit of the foolish old man. If we have this spirit, we will be able to continue forging at a rapid pace along the road of reform. On the basis of last year's work, we can foresee that through this year's "consolidation, assimilation, supplementation, and improvement," we will continue reforms with bravery and finish the arduous, glorious, and great process of reform.



'MOMENTUM OF THE YEAR OF THE TIGER' LAUDED

HK120513 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 9 Feb 86 p 2

[Article by Li Demin: "The Momentum of the Year of the Tiger"]

[Text] The fireworks of yesterday evening provided a send-off for the hard-working and persevering golden ox, and the spring tide this morning ushered in the powerful and majestic tiger. The people of the whole country are celebrating the Spring Festival of the Year of the Tiger.

To celebrate the festival, families have been reunited and friends and relatives have come together to drink and talk to their hearts' content. Once they have started talking, they will talk about everything: things which happened yesterday, things which happen today, and things which will happen tomorrow. They will talk about family affairs, state affairs, and world affairs. Thousands upon thousands of families have become thousands upon thousands of forums. Since this year is the Year of the Tiger, people will naturally talk about tigers. Although tigers sometimes hurt people, people still show a certain respect for them and even admire them in some ways. Are the fear-inspiring prowess of a tiger, the vigor of a tiger, the firm strides of a tiger, the leaps of a tiger, ministers brave like tigers, generals brave like tigers, tiger cubs, and so on not commendatory terms? The reason is that the "king of the mountain" has a bold and powerful character and demeanor, worthy of emulation by human beings. Since ancient times, many artists have become world-famous for their skill in drawing tigers. However, "trying to draw a tiger and ending up with the likeness of a dog" is also a satiric saying.

In discussing tigers today, we will naturally ponder the on-going struggle to rectify party style; people have indeed seen a momentum with the "vigor of a tiger" in the Year of the Tiger. The issue of party style has recently become a topic about which people frequently talk. The Chinese people are worthy of being masters of the socialist motherland. We are not only concerned about food, clothing, and a peaceful life, but also very much concerned about the health of the body of the party and the growth and prosperity of the party cause. We have closely tied our destiny to that of the party and the state. Not long ago, the masses of the people were angry to see that some party members, even party members with several decades of revolutionary history and holding senior positions, had forgotten the party's goals, flung away the party's traditions, engaged in unhealthy practices, and abused their power to seek private gains. They were even more worried to see that some party members, or their relatives, had colluded with the dregs of society in profiteering, swindling, smuggling, and other evil activities. How can this be allowed to continue? However, people have recently sensed a healthier atmosphere prevailing over the unhealthy one, and those who wantonly committed crimes have begun to restrain themselves. There are of course some reasons for this. Several days after New Year's Day 1986, the CPC Central Committee Secretariat held meetings of central organ cadres and gave the mobilization order to rectify party style. Shortly before and after these meetings, the central authorities issued a series of documents on perfecting rules and regulations and on strengthening discipline. Both the central and local authorities are investigating and dealing with major and important cases and some people with strong "backing" [laitou 0171 7333] are being punished according to party and administrative discipline and state laws. This is most gratifying to the people and has increased the joyful atmosphere of the Spring Festival.

The CPC is determined and has effective ways to eliminate these evils for the people. In making revolution in the past, the party, like a tiger from the mountain, led the people in defeating the enemies and in building our country today. It will not be softhearted toward lawless elements and corruption within the party. In 1952, Tiapjin put Liu Qingshan and Zhang Zishan to death according to law. Several years ago, Guangdong put Wang Zhong and Ye Makan to death according to law. All this has shown that anyone who does evil things under the people's democratic dictatorship are playing the dangerous game of stroking a tiger's beard. Of course, even a tiger sometimes nods. Over a period of time, we did not grasp the work of stopping unhealthy trends firmly enough, and did not make sufficient efforts to crack down on economic and other criminals. Now, things are different. The party Central Committee is determined to firmly and solidly grasp work in this aspect. As a central leading comrade put it: "Once work is grasped firmly, there will be very good prospects."

COMMENTATOR'S ARTICLE ADDRESSES TV SMUGGLING CASE

HK121054 Beijing RENMIN RIBAO in Chinese 7 Feb 86 p 1

[Commentator's article: "What Does the 'Guangyu Company Smuggling Case' Show?"]

[Text] This newspaper today publishes news about the investigation and handling of persons involved in smuggling by the Guangyu Industrial Trade General Company under the Ministry of Astronautics, with the joint efforts of the CPC Central Discipline Inspection Commission and departments concerned of the Supreme People's Procuratorate and the General Administration of Customs. This is a serious smuggling case by some companies under the charge of some state organs, who worked hand in glove with each other to speculate, profiteer, buy and resell imported television sets by lots and fraudulently purchase foreign exchange at higher exchange rates. It is the first important smuggling case to be investigated and handled since the conference for cadres of central organs.

The main persons involved in this case are cadres of state organs, most of whom are Communist Party members in leading posts. The case took place in mid-December 1984, after central document No 27 had been issued on 3 December 1984. This document explicitly banned workers of state organs from going into business. What the central authorities have said is still ringing in our ears and the ink on the central documents is hardly dry. But the persons concerned in the Ministry of Astronautics, and other units, who persisted in their old ways, violated relevant stipulations and became involved in this serious case of violating discipline and the law, thus obstructing economic reform, opening up, and the construction of the modernizations in our country. This is a very profound lesson.

What has made them so bold? To put it bluntly, they have done this for personal gain. Engaged in this illegal deal, the Guangyu Company thought it could reap a net profit of more than 100 million yuan. Reida Company and Haima Company resold their expired licenses to obtain their share of 9 million yuan in profits. The Shijiazhuang branch of the Bank of China, violating central bank regulations governing short-term loans in foreign exchange, made an illegal loan for a commission of 15 million yuan. In short, these people have been doing everything at their disposal to pursue personal gains, and they would go to any extreme. It is money that has maddened some cadres, including some leading cadres. They have forgotten all about the party purpose of serving the people heart and soul, the solemn party rules and discipline, their responsibility as public servants, and the idea that party members and cadres must set an example in observing and executing the law! They "have forgotten justice at the sight of profit," violating the law while knowing the consequences. Some of them have become criminals and have been arrested according to the law. It serves them right.



That this illegal deal should have been "legally" carried out for a certain period of time is inseparable from the serious bureaucratism and ignorance of relevant economic decrees on the part of the responsible persons of some leading organs. As responsible persons of state organs of economic work, they should have a profound understanding of the situation and have a good grasp of relevant policies and stipulations before making a relevant decision. Zhang Jun and Cheng Lianchang, respectively former minister and vice minister of astronautics, nodded approval before obtaining a clear understanding of the situation and approved this illegal deal by the Guangyu Company. They have the unshirkable responsibility of leadership. They should be duly punished under party discipline.

This is an economic case unprecedented in the 36-year history of the People's Republic in which so many senior and middle-level officials were involved and punished. This shows that our party is determined to straighten out party style, rectify unhealthy tendencies, and eliminate all corruption. The party is serious and conscientious in doing this and is taking concrete actions. Early this year, Comrade Hu Yaobang pointed out: "In rectifying unhealthy tendencies, it is first necessary to be resolute, and second, it is necessary to persevere." Our party and government are doing precisely this. Everyone is equal before party discipline, government discipline, and the law of the state. No matter who he is, if he should defy world opinion, disregard party discipline and the law of the state, and commit all kinds of outrages, he will not escape the punishment of party discipline and the law of the state. If we persevere in this, in a year or two a basic turn for the better in party style and social atmosphere will result.

#### DU RUNSHENG COMMENTS ON RURAL PROSPERITY

OW112107 Beijing XINHUA Domestic Service in Chinese 0220 GMT 26 Jan 86

["Excerpts" of speech by Du Runsheng on 20 December at national rural work conference -- "Become Better Off Earlier, Become Better Off Later, and Achieve Common Prosperity"]

[Text] Beijing, 26 Jan (XINHUA) -- Adhere to the Policy of Allowing Some Portions of the Population To Become Better Off First

1. Achieving common prosperity is a goal for which our party has always worked hard. However, our practical experience over the past 30 years and more indicates that equating common prosperity with making everybody in the same place equally affluent at the same time is illusory. Resorting to the egalitarian practice of "suppressing the rich and helping the poor" will not only fail to achieve the goal of common prosperity but end in common poverty. Our experience in the contemporary communist movement proves that after the proletariat seizes political power, a developing nation must endure a process of establishing and improving the socialist system of public ownership and realize a system of distribution according to work. It is impossible to establish a pure socialist society within a short period. Nor is it possible to eliminate income differences in society within a short period. Since the 3d Plenary Session of the 11th CPC Central Committee, our party, based on the spirit of seeking truth from facts, has adopted the new policy recommended by Comrade Deng Xiaoping on behalf of the central authorities by allowing some areas and some portions of the population to prosper faster than others by working hard. Spurred by economic impetus, more and more people and areas have taken the road to affluence. This policy was initiated in the countryside. As seen from practice in the past few years, this new policy has yielded remarkable results.

During the 25 years prior to the 3d Plenary Session of the 11th CPC Central Committee, the peasants' annual net income in China rose by only 70 yuan from 64 yuan in 1954 to 134 yuan in 1978. With the implementation of the new policy, the peasants' annual per capita net income increased by 221 yuan in the past 6 years. The number of households of low income decreased, while that of those of high income increased. The number of households with a per capita income of less than 200 yuan a year dropped from 85 percent in 1978 to 14 percent in 1984, while those with a per capita income of more than 500 yuan a year rose from 0.6 percent in 1978 to 18 percent in 1984.

This indicates that the process of becoming well off in the whole countryside remains steady and sound. Our practical experience indicates that the policy of allowing some portions of the population to become well off first by working hard is entirely correct. This policy helps develop the economy and realize the goal of common prosperity. We must unswervingly implement this policy over a protracted period.

It should be realized that there exists an income gap among peasants. According to figures provided by the State Statistical Bureau, the income gap between a typical high-income household and a low-income household increased by 0.7 times in 6 years, from 1.9 times in 1978 to 2.6 times in 1984.

2. There are objective reasons for the creation of an income gap among individuals in the course of economic growth. The socialist system of public ownership in China provides all workers with basic conditions for earning a living and the opportunity to develop. It enables social and economic development to advance toward common prosperity, and prevents the polarization of commodity economy characteristic of private ownership. However, if society continues to adhere to the principle of remuneration on the basis of work done, such differences in income are inevitable, because people differ in work skills and management ability. These differences will continue to exist over a protracted period until a system of distribution according to need is implemented.

Currently, there exist a variety of economic ownership patterns in China, with public ownership of production means predominating. In particular, it permits the existence of individual economy, with differences in the quantity and quality of production tools peasants possess or use. Also, there are differences in the nature and quantity of resources. With the progress of technology and the accumulation of funds, there will be an even wider gap among various industries in the exploitation and use of resources. In the course of economic growth, balance and fluctuation of supply and demand constantly and alternately replace each other, providing many opportunities to make a profit on the market. This enables those with greater adaptability to market changes to reap larger profits and higher income. These income differences resulting from differing conditions are inevitable. It is necessary to recognize differences in profits, while adopting appropriate regulatory measures to keep them within reasonable bounds. Only thus can we encourage the development of commodity production. Negation of these differences is tantamount to negation of economic development itself.

Furthermore, in the course of developing commodity economy, some people may look for loopholes to enrich themselves through improper business methods, appropriation of public property, plundering of people's properties, and infringement on the interests of producers and consumers. There are a handful of such people, and their income is abnormally high. They have already aroused strong indignation in society. Although this is historically an inevitable phenomenon in the course of developing commodity economy, we must and can curb and stop these practices by applying the legal and tax systems to the best of our ability.



3. China is a vast country, and the degree of economic development differs greatly in the various localities. This inevitably creates a difference in economic power and technological capability among different regions. For various historical reasons, the western part of China and other remote areas, although very rich in natural resources, still remain underdeveloped. The economy of a large part of inland China has only been half developed. Relatively speaking, some coastal areas are more advanced technologically and stronger economically, and have been able to absorb advanced production and management techniques from foreign countries earlier. After these areas achieve economic prosperity, they will push the center of economic development to the central and western regions. We realize that some economically underdeveloped areas may achieve local economic prosperity by combining local resources and advanced technologies introduced from foreign countries or other localities. We should also realize that some areas may achieve temporary economic prosperity. But, viewing the nation as a whole, the main trend of economic development will be from the eastern to the western part in decades to come. The relatively low prices of primary products and relatively high prices of processed products, which have existed for a long time, as well as the impossibility of bringing profit margins of these products to the same level at the present time, have created a better environment for capital accumulation in the eastern part of China, with its concentration of processing industries. Although the state may use a macroeconomic approach to adjust the growing gap in income distribution created by the differing degrees of economic development in various regions, we must admit that this growing gap in income distribution is an inevitable phenomenon in the course of developing commodity production.

This does not mean that development opportunities no longer exist in these regions. Differing degrees of economic development in different regions and mutual dependence of supply and demand among these regions provide opportunities for opening up markets beneficial to everyone. If these regions could grasp these opportunities and establish a foothold for economic development by pooling their limited manpower, material, and financial resources, and by taking advantage of the resources of individual localities, they would be able to create fundamental conditions for shifting the state's economic development strategy and improving their own local economic conditions.

#### On the Argument for Efficiency and Equality

4. The argument for economic efficiency and social equality has existed for many years in Western countries. Social equality refers to the equalization of income of all members of society, while economic efficiency refers to the organization of production elements conducive to economic development and the mode of economic development. Markets are needed to provide, on the basis of economic efficiency, remuneration to commodity producers who have invested capital or labor or have made a technical contribution. This remuneration is income for these people. The following phenomenon is not uncommon. It is necessary to maintain a difference in remuneration in order to improve economic efficiency, and high economic efficiency is unlikely if income is equalized.

In a capitalist system, these contradictions between production and distribution, and between efficiency and equality, cannot be completely resolved, because the production means are owned by individuals, and interests and profits, as a form of distribution, are based on the exploitation of laborers employed by capital holders. Socialist countries are based on public ownership, and therefore provide every condition for ironing out contradictions between efficiency and equality. Through appropriate distribution and redistribution policies, it is possible for the people's regime to achieve the highest possible efficiency with a minimum of inequality, or to achieve the highest possible equality with the smallest possible loss in efficiency. Our economic reform will create practical conditions for realizing this objective.

5. In the past, we erroneously regarded social equality as absolute equality, handled issues on equality without taking economic efficiency into consideration, adopted administrative means of egalitarianism and indiscriminate transfer of resources, maintained equality at the expense of economic efficiency, negated development of commodity production under socialist conditions, negated the objective law that income distribution is subject to market situation, practiced forced intervention with noneconomic means, severed the relationship between equality and efficiency, and disrupted the relationship whereby equality and efficiency can improve each other in a socialist society. Such forced intervention contributed to the growth of egalitarian social ideology among small farmers, which even now remains the major ideological obstacle of the development of a commodity economy. As a result, some people cannot understand correctly the fact that the living standard of the whole society has improved while the gap in income has grown relatively wider. These people have ignored general improvements in living standards and improvements in their own economic situation, simply hoping that the income gap among people could be eliminated as soon as possible. Although their living conditions have greatly improved, some people still feel that they are lagging behind other people, or think that other people's living conditions have improved even more. These people tend to use some abnormal cases as references for comparison, and tend to negate the policy of allowing some people to become better off earlier. This is a kind of ideological tendency we should seriously endeavor to curb now.

#### Create Conditions for Realizing the Goal of Common Prosperity

6. Material conditions for realizing the goal of common prosperity can only be created with economic efficiency. We should exercise appropriate control over the income gap, but at the same time we should take more care in ensuring the development of productive forces, and recognize the positive role of laborers' independent material benefits and the gap in income in developing productive forces. We should not intervene excessively in income differences, resulting from the difference in the individual ability of producers and business operators. We should only exercise appropriate control over some cases involving extraordinarily wide gaps in income, and over some special consumption projects by adjusting social consumption funds. High income resulting from differences in capital and resources possessed may be adjusted through the progressive income taxation or through taxation on resources and property. High income earned by business owners who have exploited market deficiencies or discrepancies appearing in the course of economic reform should be curbed with taxation, and, in addition, market administration regulations should be established and improved as soon as possible to close loopholes. The legal system should also be improved so that those seeking exorbitant profits by violating the law can be brought to justice. Party members and cadres who lead the masses in rural areas to achieve common prosperity should be commended, those who set an example in becoming better off through hard work should be protected, and those who acquire wealth by abusing powers or through crooked means should be handled according to the law. The policy of allowing some people to become better off first should not be altered. At the same time, it is necessary to create an optimum climate to encourage peasant investment in the development of production and to prevent them from engaging in excessive consumption and carrying out acts such as business speculation. What we should do is provide basic conditions for steady development. Economic development has promoted the division of labor in society, resulting in the emergence of a large number of specialized households in rural areas. We should protect, encourage, and support these specialized households and allow them to become better off sooner than others by applying advanced scientific and technological techniques and operation and management methods. The appearance of artificially created improper "rich families" in rural areas is entirely different from allowing some people to become better off first through industrious work. Supporting rich families at the expense of sacrificing progress opportunities for the general public does not conform to party policy and should not be considered a normal phenomenon.



7. In our country there are basic prerequisites to preventing polarization, and there is a guarantee for embarking on the road toward common prosperity. In rural areas these are reflected primarily in the persistent public ownership of basic means of production, the perfection and development of the cooperative economy, and equal opportunities accorded to all laborers. Facts have proven that where the cooperative economy has been fully developed, more peasants have become better off, and the advance toward affluence is more rapid. The motivating force of the cooperative economy comes from the peasants' demand to develop commodity production or, more specifically, their need for services before and after production and their demands to expand their operations. In view of this, it is necessary to consider the needs of commodity economy development in different localities and proceed from providing required services to establish and perfect the various kinds of economic associations suited to different local conditions on the basis of household operations.

Implementation of the cooperative system, however, cannot eliminate differences in the degree of affluence and in the speed with which affluence is acquired. When the system of distribution according to work is implemented in a cooperative under a collective's centralized management, differences in individuals' income should, of course, exist. In a cooperative under dual management, the difference in the degree of affluence is all the more inevitable among peasant households due to their different production conditions. Moreover, the differences among cooperative operational organizations in the means of production in their possession, their methods of operations and management, and their geographical conditions comprise another important factor for the income gap among peasant households. For this reason, implementation of the cooperative economic system can only result in common prosperity in the sense of establishing common development and prevent class polarization. In no way does it mean simultaneous and equal prosperity. In view of this, we should make a positive effort to perfect and develop the cooperative system and, at the same time, to guard against absolute egalitarianism and not slip back into the old rut of "sharing food from the same big bowl" and "throw every unfavorable thing onto the big heap" [gui da dui 2981 1129 1018]. In this way we will maintain the inherent unity of allowing some people to become better off first and achieving common prosperity.

8. To make low-income earners better off, we should try to improve them by raising their educational level and cultivating their production skills and operational capability so as to enable them to meet the needs of developing the commodity economy. What is more important is to open more avenues for them to develop diversified operations. It is necessary to regard the changing use of the rural labor force as a fundamental condition for achieving the long-term strategic goal of common prosperity. In particular, while the fulfillment of agricultural production needs can be ensured, feasible steps should be taken to switch the use of the rural labor force from developing agriculture to developing secondary and tertiary production and from the countryside to cities and towns. The flow of the labor force includes the "flow" from one sector to another and from one locality to another as well as the flow between different social strata in urban and rural areas. Allowing a steady flow in the labor force is not only conducive to the creation of equal opportunities but can also encourage people to progress and help raise economic efficiency. This is another potential waiting to be tapped in our society.

On the whole, only when a steady growth of the gross national product is guaranteed will it be possible to provide the necessary material basis for common prosperity. This is because we should not merely pay attention to distribution but, more important, we should pay attention to production in order to eliminate various differences. The task of rural reform is to create a favorable economic environment for developing rural productive forces, primarily favorable market conditions. However, if the applied technology is not advanced, if the scale of operations is too small, and if labor productivity cannot be raised, this market condition cannot become a favorable factor for economic development.

According to the fundamental Marxist view, distribution is determined by production, the relations of distribution hinge on the relations of production, and distribution, in itself, is a product of production. Because of this, when speaking of common prosperity, we cannot avoid discussing the development of productive forces. The degree of social material affluence determines the total amount of income that can be distributed to people. The goal of common prosperity can only be achieved successfully under the premise of highly developed production, abundant supplies of social products, and perfection of the system of public ownership. To achieve the goal of common prosperity, efforts should be made to raise the level of rural social productive forces and to develop a cooperative economy step by step in line with the needs of development of productive forces and based on the willingness of the masses. This shows the two sides of the issue, a fairly prolonged course of economic development, and an inevitable road in the advance of history.

#### TECHNOLOGY, TOWNSHIP ENTERPRISES CONSIDERED

HK070651 Beijing RENMIN RIBAO in Chinese 27 Jan 86 p 5

[Article by Wu Mingyu: "A Fundamental Policy for Promoting the Technological Progress of Township Enterprises -- A Few Points of Understanding on the 'Spark Plan'"]

[Text] Recently, the CPC Central Committee and State Council entrusted the State Science and Technology Commission to work out and implement a "spark plan." This has received a warm response from the broad masses of various provinces, municipalities, and regions and aroused their great interest. Now many places are also drafting their own "spark plans." What is the fundamental purpose and target of the "spark plan?" Why do we need it. What will be its influence on national economic and social development, especially on town and township enterprises which are springing up vigorously?

The purpose of the "spark plan" is to draw the spark of modern science and technology toward the countryside and the town and township enterprises so that it can spread far and wide and forcefully promote the local economy. The targets of the state's "spark plan" during the Seventh 5-Year Plan period are: 1) To develop 100 complete sets of technological equipment suitable for the countryside and the town and township enterprises and put them into group production; 2) To help establish 500 model town and township enterprises and provide them with complete technology and production techniques and methods of standard management, product design, and quality control; 3) To train a number of educated youths and grass-roots cadres for towns and townships every year so that they can master one or two advanced technologies suitable for their own areas and some knowledge of modern management.

In order to fully understand the significance of the "spark plan," it is first necessary to study and analyze the position and role of town and township enterprises in China's national economy.

Since the 3d Plenary Session of the 11th CPC Central Committee, China's industrial and agricultural production has been developing rapidly. Total grain output reached more than 800 billion jin in 1984 and total industrial and agricultural output value reached more than 1,000 billion yuan. A very important part of this achievement came from town and township enterprises. By the end of 1984, total output value of these enterprises already exceeded 170 billion yuan, comprising more than 17 percent of the total industrial and agricultural output value or more than 24 percent of the total industrial output value. In 1984, the growth rate of town and township enterprises was even higher. Their total output value reached more than 230 billion yuan, nearly 20 percent of total industrial and agricultural output value or 30 percent of total industrial output value.



By the end of this century, China will quadruple its total industrial and agricultural output value, which should reach 2,800 billion yuan. How can we achieve this aim? Now we have a vital new force. If town and township enterprises continue to increase their output value at a rate of 10 percent each year, in the year 2000 their output value will exceed 1,000 billion yuan and will make up one-third of the national total industrial and agricultural output value. From this we can see that town and township enterprises are an important pillar of our national economy.

Apart from its great economic significance, the development of town and township enterprises is also of far-reaching strategic significance to China's economic and social development.

First, it has opened multiple possibilities for the settlement of the surplus labor problem in China's countryside. For many years, we had several policies preventing rural people from entering cities blindly and in large numbers. We established many labor-intensive industries as a solution to the surplus labor problem. But the problem was not solved. Since the 3d Plenary Session of the 11th CPC Central Committee, due to increased agricultural labor productivity, there has been more surplus labor in the countryside. There are presently more than 360 million laborers in China's countryside. In 1949, right after the country had been liberated, a rural laborer had to till an average 9 mu of land; now a laborer has only 4.5 mu of land to tend. In addition, there are a total of more than 200 million horsepower of farm machinery and equipment in the countryside. This equals 700 to 800 million laborers. Thus, the problem of surplus labor in the countryside has become more prominent. Although a diversified economy has been developed in the countryside, there are still many surplus laborers.

Development of town and township enterprises is now providing these surplus laborers with more employment opportunities. According to 1984 year end statistics, there were then more than 50 million laborers in town and township enterprises. In the 35 years since liberation, whenever a laborer was recruited by state-owned industry the state had to invest some 14,000 yuan in fixed assets. Thus, for 50 million laborers the state would have had to invest 700 billion yuan in fixed assets. Moreover, whenever a rural laborer was recruited and entered the city, the city had to provide him and his family with housing, work space and other public facilities amounting to 10,000 yuan. When these two expenses were combined, for the 50 million peasants living and working in the cities the state had to spend 1,200 billion yuan. It was impossible for the state to afford such great sums of money in a short period of time. Now the employment problem of 50 million people has been solved by town and township enterprises. In 1984 their output value reached more than 170 billion yuan. Not only has the economy been developed and peasant income increased, but stability of the whole society has been greatly promoted. This is really an amazing achievement.

Second, development of town and township enterprises has accumulated good experiences for China's countryside in blazing a new trail toward modernization. The problem of how to realize modernization in the countryside is one that people are most concerned about. In the past, as a result of implementing the policy of "making grain the key link," even high-yield areas were still poor and unaffected by modernization. But now the situation is entirely different. Since a diversified economy and town and township enterprises have been developed by the peasants, the rural economic basis has been strengthened and the face of China's countryside has changed. Some comrades were concerned that the development of town and township enterprises would affect agricultural production. When some locations were hit by natural calamities last year and grain production areas were reduced, they were more apprehensive that agricultural production might drop significantly. Such apprehensions were unwarranted. What are the facts? Last year, despite serious natural calamities and a drop in grain production, our agricultural output value as a whole continued to increase.

People have often said that "when there is grain in hand, we have nothing to worry about." This is true in an agricultural society. In a society with a commodity economy it is also very important for the peasants to have money in hand. With the ability to invest and reinvest, they will have everything, such as fertilizer, farm machinery, and water conservation facilities. But where can they obtain money? They can get it chiefly through developing a diversified economy and town and township enterprises. Only when they have more money and the economic strength of the countryside is enhanced, and when "industry is capable of supplementing agriculture," can agriculture be better developed. We can imagine how serious the consequences of natural calamities would be without the vigorous development of a diversified economy and town and township enterprises.

In the course of industrialization, no country can avoid taking the road of urbanization, because many public facilities and industrial bases have to be established and concentrated. Work in many fields, such as water supply, heat supply, gas supply, road maintenance, and communications has to be centrally managed. But we must not just mechanically copy the experiences of the capitalist countries in urbanization. It is possible that China's urbanization will take its own specific road. The urbanization of many capitalist countries was based on destruction of agriculture or the bankruptcy of large numbers of peasants due to the increased mechanization of agriculture. The peasants then had no choice but to work in the cities. Many developing countries are presently following the same road in their urbanization. What road will China take? In the past we spent large sums of money to help develop large and medium-sized cities. But now, with our economic strength, it is very difficult to build many large and medium-sized new cities. We must blaze a new trail, that is, build small towns and townships all over the country, each with a population under 100,000 or less. By the year 2000, China's population will reach 1.2 billion. There is presently an urban population of 200 million in our country. By 2000 it will possibly reach 400 million. We are unable to build dozens of large cities like Shanghai, Tianjin, and Guangzhou. Therefore, the only solution is to build small towns and cities. The central authorities proposed strict control of the development of large cities while building large numbers of small towns and cities. This is an important policy decision. But what are the conditions for developing small towns and cities? A very important condition is the development of town and township enterprises. Therefore, modernization and urbanization of the countryside must rely on the development of town and township enterprises.

Third, transformation of the old and large cities also needs the support of town and township enterprises. For example, Shanghai, with its highly intensive industry, is seriously polluted and must be transformed. A solution in this transformation is to develop town and township enterprises so as to disperse some traditional industries from this city and gradually turn the city into a technology-intensive industrial city. In Suzhou, some 80 to 90 percent of spare parts for several brand-name household electric appliances are produced by town and township enterprises. The fact that town and township enterprises have promoted the development of specialized production proves that the development of these enterprises is an important channel for the transformation of large cities and the industrial and technological transformation of these cities.

From the above-mentioned, we can see that by developing town and township enterprises, it is quite possible for us to forge a new road suited to China's conditions to eliminate differences between industry and agriculture and those between town and country.

Of course, there are still many problems in developing town and township enterprises. The main problems are: 1) There exists a degree of blindness. In some places, when the leaders got wind of something, they hastily decided to make an investment; but once they found it inapplicable, they changed their minds immediately. In some places, running woolen mills was once the prevailing practice because they were quite profitable then.



2) The level of management is insufficient. Many factories do not have a scientific management system. For example, a factory producing textile machinery has achieved very good economic returns because its products sell well in many provinces. However, in its workshops there are no fixed production lines and no systems, of personal responsibility; they store spare parts anywhere they like. 3) The technological level is low. There are almost no technicians in town and township enterprises. Of the more than 1.8 million industrial technicians in the entire country, about 400,000 are in industrial enterprises above the county level. Each enterprise has less than four technicians on average. But there are almost no technicians in the more than 6 million town and township enterprises (including those run by villages). They only have some middle-school graduates. This problem, which should be gradually and conscientiously solved, exists in many places.

Of course, this does not mean that the past phenomenon of "small indigenous groups" can thus be totally prevented. By drafting the "spark plan" and supporting technical innovation in the countryside, we are attempting to avoid such problems. Since the countryside is backward in technology, we must provide it with technology and help it develop on a healthy road.

Some people may say that town and township enterprises have many other shortcomings, such as low labor productivity and economic returns, inferior quality of products, and competition with large industrial enterprises for raw materials and energy resources. That is true. However, we must look upon the question from both sides. On the question of low labor productivity, it depends on the comparison. If we compare it with the industrial level of developed countries, it is certainly very low. This is true not only regarding labor productivity in town and township enterprises but in the whole country's industrial production. If we compare it with the other fields in our country, we find that although it is lower than the labor productivity of modern enterprises, it is much higher than that of agriculture. A peasant, though working very hard throughout the year, can only produce an output value of less than 1,000 yuan. When he works in a town or township enterprise, he can produce more than 3,000 yuan. This is why peasants wish to develop town and township enterprises. Raising labor productivity means development. The transition from agriculture to manufacturing is itself an expression of raising labor productivity. Besides, we must realize that the development of town and township enterprises has greatly improved agricultural production conditions. More than 50 million peasants have left the agricultural production front, and more and more peasants will do the same in the future. This is an example of raising agricultural labor productivity.

As for economic returns, judging from some production targets, town and township enterprises are no worse than large state enterprises. According to statistics, the output value of industrial enterprises above the county level from every 100 yuan of fixed assets is 91 yuan; that produced by town and township enterprises is 229 yuan. In addition to the output value, profit and tax values of town and township enterprises are also higher. In 1984, taxes and profits turned over to the state by state enterprises on the basis of 100 yuan of fixed assets was 22 yuan; that of town and township enterprises was 24 yuan, nearly 20 percent of which came from town and township enterprises. Town and township enterprises naturally need to consume energy resources, but they can also produce energy resources. Over the past 4 years, coal output increased by 150 million tons, of which 110 million tons came from small coal mines. This played an important role in mitigating contradictions between supply and demand of energy resources in our country. In the past, in order to increase production by one ton of coal, the state had to make an investment of 170 yuan. Thus, in order to increase production by 110 million tons of coal, the state would need to invest 20 billion yuan. Now all this has been achieved by the efforts of the peasants without spending a single state yuan.

The situation is the same in the production of construction materials, some 53 percent of cement, sand, and stones have been produced by town and township enterprises. These enterprises have also provided large industrial enterprises with many primary processing materials and some spare parts. In this respect, they are an essential supplement to the large state industrial enterprises.

Management of town and township enterprises must deal with the dual nature of backwardness in production management and special vitality in administrative management. Most town and township enterprises have developed in the economic competition of the market. Nobody provides them with raw materials and energy resources, so they have to purchase them at higher prices. With low management costs and few administrative personnel or idlers, town and township enterprises have treated the three links of production, supply, and sales as a whole. This shows that these enterprises are very adaptable. China's enterprise reform may well learn some useful lessons from town and township enterprises.

At present, there is a question of how to deal with town and township enterprises. Following are three methods: First, force them to close down. Since town and township enterprises have great adaptability and can easily change their products, just as the "72 metamorphoses of the Monkey King," it is impossible to force them to close down. Not even a prairie fire can destroy the grass; it grows again when the spring breeze blows. Since the peasants have need of them and are capable of management, it is impossible to close them down. Moreover, there is a new trend toward developing large numbers of small but specialized modern factories in the contemporary world. This is especially true in the United States, Japan, West Germany, Italy, France, and some developing countries. Town and township enterprises conform to this trend. Second, let them emerge by themselves and perish by themselves. If we do not give town and township enterprises any support or guidance when they encounter problems and difficulties, we may inflict great harm on the national economy, or make town and township enterprises follow a roundabout course in further development. Third, make positive efforts to guide the town and township enterprises and help them improve technological and management levels so that they can develop healthily. This is the basis of the "spark plan."

The town and township enterprises need science and technology. Science and technology must serve the development of town and township enterprises in the countryside. Implementing the "spark plan" has provided China's science and technology workers with a vast showcase for their abilities. The flexibility and initiative of town and township enterprises as well as their strong desire for technology will inevitably speed the course of transforming technological achievements into commodities and give full play to the wisdom and ability of the broad masses of science and technology workers. Only half a year has passed since the "spark plan" was drafted and put into effect. It has already drawn a warm support and response from various circles. If this plan is carried out constantly, we can expect great achievements in the future.

#### MILITARY LEADERS VISIT VETERAN PLA MARSHALS

OW070949 Beijing Domestic Service in Mandarin 1000 GMT 6 Feb 86

[Text] Hong Xuezhi, deputy secretary general of the Central Military Commission, on the morning of 5 February, led leading comrades of the PLA General Staff Department, General Political Department, and General Logistics Department, as well as leading comrades of the National Defense Science, Technology, and Industry Commission to visit Marshals Ye Yinying, Liu Bocheng, and Nei Rongzhen in Beijing. On behalf of the leaders of the Central Military Commission and commanders and fighters of the entire Army, he extended new year greetings to the old marshals, and sincerely wished them a happy Spring Festival, good health, and a long life. Marshal Nie Rongzhen was very much concerned about the Army's streamlining and reorganization, and repeatedly urged that the resettlement of demobilized Army cadres be properly carried out.



SPRING FESTIVAL PARTY FOR RETIRED CADRES 5 FEB

OW060230 Beijing XINHUA in English 1610 GMT 6 Feb 86

[Text] Beijing, February 5 (XINHUA) -- Communist Party and government leaders joined 20,000 retired cadres at a Spring Festival party at the Great Hall of the People here tonight. Full of festive spirit, these veterans of China's liberation and construction flocked to the brightly-lit hall to enjoy music, dancing, acrobatics, Beijing opera, films and other entertainments. The most popular programs were a painting and calligraphy exhibition, chess, and bridge games. Jointly sponsored by the party Central Committee's Organization Department and the Ministry of Labor and Personnel, the event was also attended by senior officials from party and State Council departments and the headquarters of the People's Liberation Army.

PARTY, STATE LEADERS AT BEIJING SOIREE

OW091656 Beijing XINHUA in English 1452 GMT 9 Feb 86

[Text] Beijing, February 9 (XINHUA) -- Chinese Communist Party, state and Army leaders joined more than 20,000 people at the Great Hall of the People here this evening in celebrating the traditional Chinese new year. The holiday makers were industrial and service trade workers and people from cultural, educational and public health circles. A rich program of songs and dances, traditional operas, films, table tennis exhibition matches and other recreational activities was offered. A peasant orchestra from Qingxian County, Hebei Province, and acrobatic troupes from Shenyang, capital of Liaoning Province, and Beijing were asked to give performances at the get-together.

FANG YI RECEIVES HONORARY WEIQI RANKING

OW120439 Beijing XINHUA Domestic Service in Chinese 1358 GMT 11 Feb 86

[By reporter Li Qingyang]

[Text] Beijing, 11 Feb (XINHUA) -- According to information from the department concerned, the third "Chen Yi Cup" weiqi [Go chess] tournament ended after 24 days of friendly and intense competition. A grand closing ceremony was held at the Great Hall of the People this afternoon. State Councillor Fang Yi and Vice Chairman of the NPC Standing Committee Ye Fei attended the closing ceremony and awarded "Chen Yi Cup" trophies to the winners of the tournament Jin Ming, Hu Changrong, and Xu Chunru.

During the ceremony, Li Menghua, president of the Chinese Weiqi Association, issued Fang Yi, Ngapoi Ngawang Jigme, Ye Fei, and Wang Shoudao certificates of honorary seventh duan [seventh duan is the third highest grade of weiqi skills]. Li Menghua also handed Zhang Jingfu and six other elderly persons contracts employing them as advisers to the Chinese Weiqi Association in recognition of their contributions to the development of China's weiqi activities.

It is also reported that a weiqi delegation of high-ranking Japanese Government officials will visit China and hold friendly matches with Chinese players from 1 to 4 March. A responsible person of the department concerned announced at today's closing ceremony that a weiqi team composed of 18 Chinese Government officials has been formed to train for the matches; Jin Ming and Liao Jingdan are team coordinators while Chen Zude and Hua Yigang are instructors. Chen is a ninth duan while Hua is an eighth duan. Members of the Chinese delegation for the forthcoming matches will be selected from among the team members after training is completed.

GUANGDONG SENDS PARTY RECTIFICATION LIAISON TEAMS

HK080527 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 5 Feb 86

[Text] According to NANFANG RIBAO, in order to do well in party rectification of the rural areas at the district level, the provincial CPC Committee group for guiding party rectification recently selected 500 cadres from various provincial organs and sent them in 28 liaison teams to attend a 10-day work meeting of members of liaison teams. After the Spring Festival, they will be sent to 28 countries and cities to help these areas do well in party rectification of the rural areas at the district level.

Leading comrades of the provincial CPC Committee attached great importance to this work meeting. During the meeting, Comrade Wang Ning made a report on study and mobilization.

Yesterday morning, Comrade Guo Rongchang made a summation speech at the meeting. In his speech he stressed: In this party rectification in the rural areas, we must act in accordance with the central party rectification instruction, which states that we must not disrupt the situation while solving problems. We must uphold the principle of seeking truth from facts. We must know very well the party's policies, and correctly handle the relations between party rectification and economic construction and the work in this regard.

GUANGDONG LEADERS AT SPRING FESTIVAL TEA PARTY

HK080507 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 4 Feb 86

[Text] Guangzhou Military District held a Spring Festival tea party this morning. It was attended by over 150 people, including responsible comrades of the province, city, and military attached to Guangzhou. The party was held at Yinbin Hall.

The participating military comrades included responsible comrades of Guangzhou Military Region Zhang Zhongxian, Liu Cunzhi, Zhang Wannian, Li Xilin, Zhang Mingyuan, and Chi Yunxiu; retired leading group members of Guangzhou Military Region; veteran comrades of the military region who have stepped down to the second and third fronts; and responsible people of leading organs of Guangzhou Military Region, the Navy, and Air Force attached to Guangzhou Military District, the provincial military district, military academies, Guangzhou military subdistrict and the provincial armed police force.

The participating local comrades included responsible comrades of CPC committees, advisory commissions, people's congresses, governments, the CPPCC at both provincial and city levels, and the provincial discipline inspection commission. They included Ye Xuanping, Xie Fei, Wang Ning, Liang Lingguang, Luo Tian, Wu Nansheng, Xu Shijie, and Zhu Senlin. The party was also attended by veteran comrades who have retired from their leading posts and responsible people of the departments concerned.

From start to finish, the party was marked by a moving scene of unity between the Army and the government, and between the Army and people. Around 0700, leading comrades of the province and the city went to the entrance to the hall despite cold weather, in order to greet the military comrades. When they met, they warmly shook hands and exchanged season's greetings. Ye Xuanping, deputy secretary of the provincial CPC Committee and governor; (Liu Anyuan), deputy political Commissar of the military region; and Zhu Senlin, deputy secretary of the city CPC Committee and acting mayor, addressed the warm and lively forum.

They talked of last year's progress in building the locality and the Army.



They expressed the view they must do even more this year in their work of giving special care to family members of revolutionary martyrs and servicemen and supporting the Army and cherishing the people, so as to make new contributions toward building both the socialist material and spiritual civilizations and make fundamental changes for the better in party work style and the general mood of society.

#### GUANGXI'S 10 MAJOR ECONOMIC, SOCIAL EVENTS IN 1985

HK081054 Nanning Guangxi Regional Service in Mandarin 1100 GMT 6 Feb 86

[Text] The comprehensive departments of the regional Planning Committee and regional Statistical Bureau have provided information on the 10 big events of economic and social development in Guangxi in 1985. These 10 big events were:

1. Industrial production continuously increased. According to initial statistics at the end of the year, the gross output value recorded an increase of 18.9 percent over the preceding year. The output value, profits, and taxes and profits submitted to the state simultaneously increased. The stagnant situation in local revenue over the past few years changed and revenue was 630 million yuan more than in the preceding year, exceeding 2 billion yuan for the first time.
2. The regional party congress and People's Congress elected new members of the CPC Committee and augmented the leadership group of the people's government.
3. The regional people's government held international talks in Guilin on economy and technology. People from industrial, commercial, and financial circles in 17 countries and regions attended. Some 90 contracts and agreements were signed and the total amount of money exceeded the total sum in all contracts signed since the founding of our country. The contracts between Guangxi and the outside world were further strengthened.
4. The No 4 100,000-kilowatt generating unit of the (Daohua) hydroelectric power station was completed and began generating electricity. This power station with an installed capacity of 400,000 kilowatts, was thus completed and put into operation.
5. Regarding the railroad from Nanning to Fangcheng Port, railroad tracks were laid to Qinzhou and trial runs began.
6. The construction of an airport and a wharf for ships of 10,000-tonnage in Beihai, an open city, commenced. No 3 10,000-tonnage berth was made available.
7. The realignment of the course of the (Xi) Jiang and the construction of the key ship lock officially began. After the Guixian County port was expanded, the handling capacity of the port increased by 100 percent to reach 2.57 million tons. The port became one with the largest handling capacity on the inland rivers in Guangxi.
8. The northern part of Guangxi and Qinzhou and Yulin Prefectures were hit by floods which they had not experienced for many years. The whole region was also affected by drought and other factors. The whole region's output of grain was reduced in 1984, and it was estimated that output would be further reduced by 1.87 billion jin. However, a bumper harvest of industrial crops was reaped.
9. The work of changing communes to townships and the establishment of political power at the township and town levels was completed.
10. Of the 19 counties throughout the region where schistosomiasis was prevalent, 17 counties had completely eliminated schistosomiasis by the end of 1985 and 2 counties had basically controlled it.

HENAN'S YANG XIZONG DISCUSSES DEVELOPMENT STRATEGY

HK070523 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 3 Feb 86

[Text] At the Henan provincial discussion meeting on the strategy for the economic and social development which concluded yesterday, Governor He Zhukang said: The leaders of all departments at the provincial level and of all prefectures, cities, trades, and professions must have foresight and strategic thinking regarding the formulation and implementation of the strategy of development and the giving of strategic guidance as the most important task of a modern leader. He hoped: Experts, scholars, and more comrades will attach importance to and show concern for the study of the strategy of economic and social development in our province.

From 29 January to 2 February, the provincial government held a Henan provincial discussion meeting in Zhengzhou on the strategy of economic and social development, to discuss and revise the report on the study of the Henan provincial plan for the strategy of economic and social development, so as to work out as soon as possible a strategic plan which can really meet the needs of the economic society and of scientific and technological development and so as to provide a scientific basis for the provincial CPC Committee and provincial government to formulate important policy decisions.

At the meeting, Comrade He Zhukang stated his views on the importance of studying and formulating development strategy, on the main tasks of the development strategy in our province, and on the aim, focal point, and measures of the strategy. He said: By the end of this century, our province's gross industrial and agricultural output value must increase by some 400 percent. At the same time, we must strictly control the growth of population and strive to make the people's material and cultural life reach the level of a comparatively well-off family. For this purpose, we must raise the per capita gross industrial and agricultural output value and national income, which are now equal to 65 to 70 percent of the average national level, to some 85 percent of the average national level. Thus, the people's living standard can reach the level of a comparatively well-off family. Later, on this basis, we must strive to make them reach or surpass the average national level and enter the national advanced ranks. So long as we press forward in the face of difficulties, have our feet planted on solid ground, and practically and realistically work hard, we can achieve our target completely.

Comrade He Zhukang said: With a view to achieving our strategic target, we must regard reform as an overriding task at present and for a certain period in the future. We must vigorously and carefully push reform forward. We must lay stress on the development of intellectual resources and vigorously raise economic results. Leading cadres at all levels must have a sense of urgency.

Some 200 leading comrades of all departments at the provincial level and of all prefectures and cities, experts, and scholars who were attending the meeting unanimously held: So long as we have a plan for the strategy of development which conforms to Henan's realities, and a series of principles, policies, and measures, and really carry them out, after some 10 years' hard work, we can surely invigorate Henan.

At the conclusion of the meeting, Yang Xizong, secretary of the provincial CPC Committee, attended and spoke. He said: To formulate our province's plan for the strategy of economic and social development, we must regard the resolutions of the 3d Plenary Session of the 12th CPC Central Committee as the basis and the development of the planned socialist commodity economy as guiding ideology and, at the same time, have the planning, market, and [words indistinct] viewpoints. We must take the road of exploiting resources and, in accordance with the advantages and disadvantages of Henan, formulate the plan for the strategy of development. In the building of energy resources, we must stress the development of small hydroelectric power stations.



We must put the vigorous development of the urban and rural collective economy in an important position and begin paying attention to developing some new and developing industries, such as microelectronic techniques and bioengineering. In regional exploitation, we must give guidance according to different conditions and gradually [words indistinct].

Comrade Yang Xizong said: To develop Henan's economy, we must place our hopes in the development of economic relations among enterprises and regions and technological cooperation in the light of Henan's realities and in accordance with our current foundation. Under the premise of raising economic results, we must develop our province's commodity economy slightly more quickly than the average speed of national development.

Ji Hanxing, vice chairman of the provincial People's Congress Standing Committee; Yan Jimin, vice chairman of the provincial CPPCC Committee; and Vice Governors Hu Tingji and Hu Tiyun attended the meeting one after another to listen to the views.

#### HENAN LEADERS AT INTELLECTUALS FESTIVAL FORUM

HK080631 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 6 Feb 86

[Excerpt] This morning, the provincial CPC Committee and the provincial government held a Spring Festival forum of representatives of Zhengzhou's intellectuals at the conference room of Henan People's Hall. At the forum, leading comrades such as Yang Xizong, Liu Zhengwei, He Zhukang, Zhao Di, Zhan Jingwu, Hou Zhiying, Qin Kcai, Song Yuxi, Lin Xiao, Ding Shi, and Hu Tingji sat with the representatives of intellectuals and listened to their opinions.

He Zhukang, deputy secretary of the provincial CPC Committee and governor, delivered the first speech. He said: The province's achievements in 1985 on various fronts were made with the help of intellectuals' wisdom and hard work. On behalf of the provincial CPC Committee and the provincial government, I take this opportunity to thank you and express my highest considerations to the intellectuals who are working on various fronts.

He said: We face more requirements this year. It is hoped that all intellectuals across the province will first further have firm faith in the lofty goal of making more contributions to the socialist modernization programs. We should regard as our duty the work of invigorating Henan and the nation, and should devote our efforts to and be bold in the state's prosperity and the people's happiness.

Second, we should carry forward the spirit of the foolish old man who removed the mountains.

Third, we should actively take part in the actual work of reforms and construction. Focusing on solving problems that have developed in the course of reforms and the four modernizations, we should make greater efforts in the area of cultivating qualified personnel and so on.

He Zhukang also said: Intellectuals are the treasure of our party. It is the duty of our party committees and governments to solve problems for the intellectuals. From now on, we must further do well in this work and speak less but do a lot. At the same time, it is hoped that the intellectuals will realize that the foundation of the state and the province is still not very good. Therefore, some problems cannot be solved instantly and it is difficult for everything to be satisfactory. I hope that you can understand this.

The representatives of Zhengzhou's intellectuals, who are from scientific and technological, cultural, education, and arts and journalistic circles, enthusiastically praised the party's leadership, the great achievements on various fronts, the party's policy toward intellectuals, and the present good situation.

MAO ZHIYONG AT CHANGSHA SPRING FESTIVAL PARTY

HK080421 Changsha Hunan Provincial Service in Mandarin 1100 GMT 5 Feb 86

[Excerpts] This morning, people of various circles in Changsha held a get-together at the (Xiangjiang) Hotel to celebrate the Spring Festival. On behalf of the provincial party, government and military district, Comrade Mao Zhiyong extended season's greetings to the participants.

The meeting was attended by over 400 people, including Wang Shoudao, Standing Committee member of the Central Advisory Commission; Tao Zhiyue, vice chairman of the CPPCC; Zhou Li, former member of the Central Advisory Commission and veteran cadre; responsible people of the provincial party, government, and military district, various mass organizations, democratic parties, and the provincial Federation of Trade Unions; people of various nationalities, of religious circles, compatriots from Hong Kong, Macao, and overseas and their relatives; specialists and scholars of various sectors.

The meeting was presided over by Tong Ying, vice chairman of the provincial CPPCC. Cheng Xingling, chairman of the provincial CPPCC made a speech.

On behalf of the provincial party, government, and military district, Comrade Mao Zhiyong, secretary of the provincial CPC Committee, extended seasons greetings to the participants. Comrade Mao Zhiyong outlined the province's good political and economic situation in 1985.

Comrade Mao Zhiyong also talked about the tasks for 1986. He said: This year the general guiding ideology is to take as our guidance the spirit of the National Conference of Party Delegates. We must grasp well reforms and the building of spiritual civilization by focusing on economic construction. We must ensure a fundamental change for the better in the party's work style and general mood of society.



GUIZHOU VIEWS FOLLOWING CENTRAL DOCUMENT NO 1

HK070939 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 3 Feb 86

[Station Commentary: "Carry Out the Spirit of This Year's Central Document No 1"]

[Text] The CPC Central Committee and State Council have worked out plans for 1986 rural work. They have summed up new achievements and new experiences in rural work and proposed new measures for promoting an in-depth rural reform. This is a programmatic document. If we want to make a good start in the Seventh 5-Year Plan, we must seriously implement this document.

The provincial CPC Committee conference on rural work urged all localities to take the propaganda and implementation of the central document as the central task of the province's 1986 rural work. This is an absolutely correct plan. We must really grasp this firmly and well.

Cadres of various departments at all levels, particularly the leading cadres, must take the lead in studying the central document. Measuring themselves by the standards of CPC Central Committee's five successive Central Documents No 1, they should review their progress and experience in rural reforms. They should examine the situation of implementing various policies and that of serving villages, the grass roots, and peasants. Through studying, they should seek a common understanding about the new situation and the new task. They should also get a deeper understanding about rural reforms and the strategic position of agriculture.

All departments at all levels must act in accordance with the requirements of the provincial CPC Committee and government, seriously sum up their experience, work out measures to overcome their shortcomings, and really do well in the provision of services in such areas as qualified personnel, technology, funds, transport, the market, information, materials, and management. Cadres of various departments at various levels, particularly the leading cadres, must enthusiastically publicize the central document in the rural areas. They should carry out the spirit of the central document down to every household. They should organize the grass-roots cadres and the masses to hold large-scale discussions in connection with the local conditions. Focusing on the local advantages, they should discuss ways of attaining common prosperity. They should help villages formulate or revise plans of social and economic development, and help the peasant households formulate plans to attain prosperity by reaping bumper harvests or by extricating themselves from a poverty-stricken state.

The second stage of rural reform has become coordinated with the urban reform. Thus, the work is extensive and we face more problems. We should be determined in our work, use our innovative and bold spirit, and use the practice of seeking truth from facts to create a new situation in the province's rural work.

We believe that as long as the leadership at various levels carries out their work at the grass-roots levels in the rural areas, carries out large-scale discussions in an in-depth manner, and mobilizes the initiative of various sectors, we shall certainly make new and greater achievements in the second stage of rural reform. Our gross social output value of the rural area, our gross agricultural output value, and our per capita income will be greatly increased.

GUIZHOU'S HU JINTAO AT RURAL WORK CONFERENCE

HK070933 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 3 Feb 86

[Text] Between 28 January and 2 February, the provincial CPC Committee held a conference in Guiyang on rural work.

The conference determined that in this year's work, we should take as the basic guiding ideology the continuous in-depth rural reforms and the promotion of a continuous, steady, and coordinated development of the rural economy. We should further implement the policies toward the rural areas, greatly popularize technology in those areas, strive to improve production conditions, organize well pre- and post-production services, and grasp simultaneously the practices of attaining prosperity and helping the poor. Thereby, we can achieve a rapid growth in the gross social output value of the rural areas, the gross agricultural output value, and the per capita net income.

The conference conveyed the spirit of the central conference on rural work. It studied this year's Central Document No 1, as well as the central leaders' important speeches. It also summed up the province's situation and exchanged experience in rural reforms, and discussed measures for implementing this year's Central Document No 1.

The conference was attended by leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, and the provincial government. They also listened to speeches of representatives to the conference and reports on the conference. Qiao Xueheng, Standing Committee member and rural work department head of the provincial CPC Committee, conveyed the spirit of the central conference on rural work. After listening to the reports on the conference, Hu Jintao, secretary of the provincial CPC Committee, and Su Gang, chairman of the provincial Advisory Commission, delivered speeches. At the closing session, Wang Chaowen, deputy secretary of the provincial CPC Committee and governor, made a summary speech.

The participants analyzed and discussed at the conference the province's present situation in rural areas. They held that the situation was a good one. In 1985, the province promoted the development of rural commodity economy despite natural disasters and the relatively sharp drop in grain production. This was because the province reformed the centralized system of distributing and purchasing agricultural products and implemented market readjustment under the guidance of state plans. Therefore, the peasants' per capita net income in 1985 was increased by 9.4 percent compared to 1984. At the same time, the volume of agricultural and sideline products put directly on the market was increased. The turnover volume was also increased. It is expected that compared to 1984, the annual turnover volume of rural markets will have been increased by 45.5 percent.

When analyzing the situation, the participants recognized the province's problems concerning the rural areas. Generally speaking, the foundation of material supply and technology, on which the development of agriculture depends, is very poor. The areas are incapable of fighting against natural disasters. The development of rural economy is very uneven. The marketability of products of the rural areas is not high. The cooperative economy is imperfect. Some policies are still not implemented. The measures concerning reforms do not dovetail with each other. In connection with these problems, we must take active measures to solve them, so as to promote an extensive and intensive development of rural reforms.

The conference stressed: Party committees and governments at all levels must make their work meet the general requirements for 1986 rural work stated in the Central Document No 1, as well as the specific requirements proposed by the provincial CPC Committee and the provincial government. They should arrange well their agricultural work in connection with their local conditions. They must continue to readjust the industrial structure of rural areas. They must uphold the principle of grasping grain production and developing diversification.



They should develop in the direction of promoting farming, breeding, and processing on the one hand, and agriculture, industry, and commerce on the other. They should gradually build a multilevel, comprehensive, open, and multipurpose rural industrial structure. They should actively support and greatly develop town and township enterprises, improve their operation and management, strengthen technological transformation, improve product quality, and improve the competitiveness of products.

They should mobilize the peasants' initiative in growing and selling grain. They should adopt measures to ensure a steady and high rate of growth in grain production. They should strengthen basic agricultural construction, and improve production conditions so that agricultural production will gradually base itself on the supply of new materials. All localities must greatly strengthen the training of technicians and qualified personnel in connection with the requirements for readjusting industry. They should popularize technology in the rural areas so as to improve the scientific and technological standards of those areas. They should grasp well the work concerning transport and circulation. They should turn the credit cooperatives into genuine mass financial organizations, and strengthen their ability in money circulation. They must expedite the pace of road construction in counties and towns, further perfect the system of circulation, and develop diversification. On the work of helping the poor, they must thoroughly understand the uneven development brought about by historical causes and poor natural conditions. They should help the poor areas have faith in extricating themselves from a poverty-stricken state. They should activate the internal economic vitality of these poor areas in order to help them get rich.

The conference also pointed out: To perfect and develop the rural system of cooperation is an important part of the in-depth reform. All localities must begin and do well in their work by offering services.

The conference stressed: The CPC Central Committee has issued this year's Central Document No 1. Cadres of party committees and governments at various levels, as well as various departments concerned, particularly leading cadres, must go to the rural areas, the grass roots, and the masses. They should organize large-scale discussion among cadres and the masses, so as to convey the spirit of the central document down to every household.

#### GUIZHOU ISSUES CIRCULAR ON ECONOMIC CRIME PROBLEM

HK090616 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 7 Feb 86

[Text] The provincial Discipline Inspection Commission and the provincial Political and Legal Committee jointly issued a circular recently calling on party committees, discipline inspection commissions, and political and legal departments at all levels to conscientiously implement the relevant instructions of the CPC Central Committee; carry out the struggle to attack serious economic crime in an in-depth way; and promote the building of socialist spiritual and material civilization.

The circular pointed out that a prominent feature of serious economic crime in Guizhou at present is that cases of speculation and swindling have increased in number over the past. The activities of these speculators and swindlers have undermined economic reform and opening up; caused heavy losses to the state and collective; corrupted a number of party members and cadres; and consequently hindered the building of socialist modernization. Party committees at all levels should be aware of the seriousness and harm of economic crime and should take effective measures to attack speculation and swindling activities. To this end, the circular has set forth the following requirements:

First, party committees, discipline inspection commissions, and political and legal departments at all levels, should conscientiously study and implement the joint circular issued by the Central Discipline Inspection Commission and the Central Political and Legal Committee and should conduct education in lofty ideals, discipline, and the legal system among party members, cadres, and staff members. In accordance with the requirements of the circular, it is necessary to make an all-round inspection of the work in attacking economic crime at the previous stage; sum up the experience and lessons; clearly understand the characteristics and laws of economic criminal activities under the new situation; and carry out the struggle to attack economic crime in an in-depth manner.

Second, carefully investigate and handle speculation and swindling cases, and sternly attack the speculation and swindling activities. Party committees, discipline inspection commissions, and political and legal departments at all levels should properly arrange speculation and swindling cases according to their seriousness, handle the major cases one by one, and wind them up by the prescribed time. It is necessary to have the courage to tackle tough problems, deal with backdoor influence, and thoroughly investigate the cases. While dealing with the cases, we must abide by the laws and rely on evidence. The individuals who are checked and found to be true speculators and swindlers must be sternly punished. The units and individuals involved should also be seriously handled according to the seriousness of their cases. Party and government organs, enterprises, and institutions should carefully investigate economic criminal activities within themselves. Those who fail to handle cases and report them to the higher levels, and leading cadres of the party and government organs concerned, should bear the responsibility.

Third, certain companies and centers should be reorganized. "Briefcase" companies engaged in speculation and swindling must be banned. Cases of party and government organs and social organizations engaging in speculation and swindling in collaboration with enterprises and institutions must be thoroughly investigated. Individuals engaged in speculation and swindling as well as the organizers and those plotting behind the scenes should all bear legal responsibility.

Fourth, typical cases should be used to build up momentum. It is necessary to select typical cases and pronounce judgment in public so as to frighten the culprits and educate the broad ranks of cadres and masses.

Lastly, the provincial Discipline Inspection Commission and the provincial Political and Legal Committee circular called on party committees, discipline inspection commissions, and political and legal departments at all levels to take a clear-cut stand, be resolute, work meticulously, and strike surely, accurately, and relentlessly at speculation and swindling activities.

#### XIZANG SPONSORS TRADE FAIR IN HONG KONG

HK080441 Lhasa Xizang Regional Service in Mandarin 1130 GMT 5 Feb 86

[Excerpts] To implement the policy of opening to the outside world, as formulated by the central authorities, and to promote our region's economic development, the Xizang Regional Hong Kong Economic Investigation Group headed by Doje Cering, acting chairman of the regional people's government, with Mao Rubai, chairman of the regional Foreign Economic Relations and Trade Promotion Committee, as its deputy head, has sponsored a foreign economic relations and trade fair in Hong Kong. Local livestock products, forest products, mineral products, light and textile industrial products, Chinese medicinal herbs, and traditional exquisite nationality handicraft articles of Xizang were of interest to many tourists and spectators.



The fair was attended by some 9,000 people. The regional economic investigation group met with representatives from 379 firms and signed 17 contracts for exports. The volume of business reached \$1.73 million. The group signed 22 letters of intent on economic contracts involving 15 items.

After successfully completing its economic investigation and talks on economic relations and trade in Hong Kong, the regional economic investigation group returned to Lhasa on 4 February. Gyanincain Norbu, deputy secretary of the regional CPC Committee; Tudao Doje and Gong Daxi, vice chairmen of the regional people's government; and responsible comrades of departments and bureaus concerned went to the airport to welcome the group home.

#### YUNAN PARTY LEADER'S FESTIVAL VISIT TO COAL MINERS

HK080629 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 5 Feb 86

[Excerpt] Pu Chaozhu, secretary of the provincial CPC Committee, paid a comfort visit to cadres, technicians, and workers of the Fuyuan County (Gongsuo) coal mine this afternoon. He extended season's greetings.

At 1400, Comrade Pu Chaozhu drove to the coal mine in spite of the cold wind. He chatted with representative cadres, technicians, and workers. After listening to their views on enterprise consolidation, economic structural reform, and production at the mine, he talked with those representatives whosat next to him. He asked them about their family lives and the food supply situation on the eve of the Spring Festival.

Pu Chaozhu said: Coal mines are one of the main elements in our national economy. The province's coal production developed significantly in 1985, thereby contributing to the state's four modernizations. You have all assisted in this effort. Therefore, you all have made contributions. The Spring Festival has arrived, but you continue to stand fast and work hard at your posts. Therefore, on behalf of the provincial CPC Committee and the provincial government, I express thanks to each of you and wish you a happy Spring Festival. I hope you will continue this year to do well in reform, strengthen management, make progress through technology, and invigorate your enterprise. At the same time, I hope you will give play to the advantages of large state enterprise, strengthen the extensive economic and technological links with local coal producers, lead local peasants on the road to prosperity, and strive to make greater contributions for the four modernizations.

Comrade Pu Chaozhu also met yesterday morning with some leading comrades of Qujing Prefecture and Fuyuan County. Responsible comrades of the county CPC Committee and government reported on last year's production and this year's plans.

DENG XIAOPING REMARKS ON ZHOU ERFU CASE CITED

HK120358 Hong Kong TA KUNG PAO in Chinese 12 Feb 86 p 1

["Special Dispatch" from Beijing: "Deng Xiaoping on Stopping Unhealthy Trends, Reprimands Zhou Erfu for Impairing National Dignity at Political Meeting"]

[Text] Beijing, 11 Feb -- Zhou Erfu, vice president of the Chinese People's Association for Friendship With Foreign Countries, who compromised national dignity and personal integrity during his visit to Japan, has been relieved of all duties and expelled from the party. Zhou Erfu was the first cadre at the ministerial level subjected to such punishment at the current campaign to rectify party style.

Zhou Erfu acted as the head of a Chinese People's Association for Friendship With Foreign Countries delegation on a visit to Japan. During his stay in Japan, ignoring the advice of the PRC Embassy there, he visited the Yasukuni Shrine dedicated to Japanese war dead. At the hotel where he stayed, he also watched pornographic videotapes. He invited a young female interpreter to interpret things for him, but was rejected. Another report also described Zhou Erfu's other misbehavior during his stay in Japan.

It was learned that at a Political Bureau meeting on 17 January, Central Advisory Commission Chairman Deng Xiaoping, referring to Zhou Erfu by name, said that the latter had "compromised national dignity and personal integrity." At the meeting, Deng Xiaoping also said that cases that should be judged and acted upon immediately. The main points of a case should be looked into. Once things were made clear, action should be taken without delay. Any delay or relaxation cannot help us in effectively rectifying unhealthy trends. Not long after the Political Bureau meeting, Zhou Erfu was dismissed from office.

A report said that at present, individual cadres at the ministerial level are under investigation.

CHENG MING ON DENG LIQUN'S ACTIVITIES, STATUS

HK090505 Hong Kong CHENG MING in Chinese No 100 1 Feb 86 pp 67-68

[Article by Chung Wang-shu: "Away With Deng Liqun" -- capitalized passages published in boldface]

[Text] UNCEASINGLY CURSE THE REFORMERS

According to what we heard recently from the Chinese mainland, at a meeting held in Wuhan last November, Deng Liqun, who was dismissed from the post of director of the CPC Central Committee Propaganda Department not long ago, poured a stream of abuse on the reformers and wantonly peddled his "doctrine that political and ideological work is universally applicable" by taking advantage of the opportunity when the CPC once again stressed the importance of political and ideological work because of recent student riots and worker strikes. What is more surprising is that he openly attacked Liu Binyan, Hu Jiwei, and Wang Ruowang by name in the presence of a number of the CPC senior enterprise cadres. Furthermore, on the occasion, Li Honglin, who Deng Liqun got into trouble but who has now jumped out of his hand and transferred to Fujian, was also lashed by the ousted minister. He criticized Liu Binyan's stand for "freedom of artistic creation" and stuck the label of "lack of party spirit" on Hu Jiwei. Deng described Wang Ruowang's proposition that "we should import not only advanced technology but also other advanced things" as nothing but heresy. He also flared up because Li Honglin "refused to acknowledge his mistakes" and a certain publishing house boldly "collected and published his erroneous views on public affairs."



In a word, Deng Liqun entertains feelings against anti-extreme-leftist heroes "who were not beaten down and stepped on" in the drive against spiritual pollution and is full of grievances against the premature end of the "anti-pollution" drive," which he played up 2 years ago. Actually he is full of resentment because he was relieved of his post by the highest CPC authorities. Deng Liqun intends to reverse the correct decision already made and launch an offensive. He wants to launch a last punitive expedition against the reformers with what power he still has.

However, it is a pity that in the land of China, stabbed and wounded by numerous political campaigns in the past several decades, people are highly sensitive to any political reaction. A mere rumor may often stir up a great disturbance, much less a member of the CPC Central Committee Secretariat spouting a stream of empty rhetoric. The speech of the ex-minister immediately spread through all the intellectual circles of the country. In the twinkling of any eye, black clouds appeared again and the waters were muddied. Everybody was panic-stricken by the alarmist talk. It seemed that the "anti-pollution drive" might stage a comeback. However, all in all, times have changed and the past is not the same as the present. What we have learned from the mainland indicates that in China today, Deng Liqun and his ilk can hardly stir up trouble by a speech. The ousted minister is no longer what he was. His recent hoarse and exhausted speech used attack as a means of defense. He fought with his back to the wall and made a last ditch fight. What he did recently was nothing but an epilogue to the unsuccessful "anti-pollution drive." He is not reconciled to "stepping down from the stage of history" before he finishes the last part of the drama. In order to see what Deng Liqun and his ilk take to heart, we must bring up old scores of the "anti-pollution drive" launched 2 years ago.

#### VAINLY ATTEMPT TO LAUNCH ANOTHER "ANTI-POLLUTION" DRIVE

Between the summer and autumn of 1983, Deng Liqun, who held the power of that CPC Central Committee Propaganda Department in his hands, was the first to adopt the slogan of "clearing away spiritual pollution" just as some senior CPC leaders went abroad. He fanned the flames everywhere by writing articles and delivering speeches. Consequently, Deng Xiaoping had to nod in approval at the closing ceremony of the CPC plenary session. As a result, this minister went all out by holding the "imperial sword," as if he had found a treasure. In no time, the "anti-pollution drive" swept throughout the country. Many extreme leftists who had ceased all activities since the 3d Plenary Session of the 11th CPC Central Committee, became active again and made use of the drive to attack people without restraint. The divine land was immediately covered with sadness and misery. Girls dared not put on make-up or wear colorful clothes; there were no dancing parties any longer; and soldiers handed out pictures of their fiancées in order to show that they were pure in heart. Furthermore, a female correspondent of a newspaper office was refused admittance to a unit to perform her duty just because she wore her hair down to her shoulders. (The incident spread through the journalist circles in Beijing as ridicule for a time.) Moreover, a newspaper office even published an editorial entitled "Crack Down on the Criminal Activities of Spiritual Pollution." It raised "spiritual pollution" to the higher plane of crimes, with the result that CPC officials shuddered hearing of it.

Just when Deng Liqun was pushing the "anti-pollution" drive to a climax in high spirit, the voice of opposition gradually resounded from the higher levels to the grass roots and both at home and abroad. The common people of China and the majority of the CPC cadres, who had suffered untold tribulations in political campaigns, were all discontented with the "anti-pollution" drive and feared that this might be the sign of another Cultural Revolution. The senior CPC leaders working for economic development also realized that the situation was grave.

At a meeting of the Army, Yu Qiuli first said that "the question of spiritual pollution should not be raised in the Army." Then Bo Yibo said so in economic departments. Wan Li suggested that no "anti-pollution drive" was to be launched in the countryside, and Wang Zhaoguo said that the question of "spiritual pollution" should not be put forward in the CYL organizations. Before long, Deng Liqun retreated in defeat again and again and the spots where he was able to stir up trouble crumbled one after another. Since then, RENMIN RIBAO, which had persisted in criticizing the leftist ideology for a long time and against which Deng Liqun nursed a hatred (he hated it because it did not accept his assignments), carried editorials one after another in an attempt to dampen the atmosphere and to lower the temperature. These editorials became a barometer for Western correspondents to observe the short-lived political campaign. Amid the voice of opposition inside and outside the party and at home and abroad, top CPC leader Deng Xiaoping finally made a statement, putting the brakes on the drive and criticizing those who are infatuated with political campaigns within the party. Consequently, Deng Liqun was totally beaten in the contest. However, in order to "protect cadres," the CPC did not discharge him from his post at once, though rumors about his dismissal were spread abroad time and again.

#### LIU BINYAN AND LI HONGLIN -- THORNS IN HIS FLESH

Time zipped by and 2 years were soon over. The world remains as it was but some people were "removed" from office. Deng Liqun was at last "dismissed" from his post from which he was reluctant to part. We can therefore imagine what his personal "feelings" were. So he used every possible means to vent his personal "feelings." From the people whom he attacked by name, we can have a clear knowledge of his ulterior motives.

After the "gang of four" was smashed in October 1976, China hesitated at the crossroads in the political aspect for a short time. In the drive of ideological emancipation, RENMIN RIBAO was in the vanguard in setting things to rights boldly and resolutely and its contributions were commendable. During that time, those who ruled the roost of the newspaper were the celebrated Hu Jiwei and his right-hand man, Wang Ruowang, who was in charge of the theoretical page of the newspaper. In the "anti-pollution drive," Deng Liqun draped himself in the flag to impress people and finally forced Hu and Wang, with whom he had been discontented for a long time, to quit their posts of director and deputy chief editor of RENMIN RIBAO on the excuse that Hu's views concerning "party spirit and the affinity to the people of newspapers" and Wang's theory regarding "alienation" were all involved with "spiritual pollution." Hu and Wang were relieved of their posts, but their influence remained. What Deng Liqun advocated was hard to carry out in the RENMIN RIBAO office. Moreover, the well-known writer, Liu Binyan, was also a thorn in Minister Deng's flesh. Liu worked for RENMIN RIBAO concurrently, he went hither and thither to get to know the people, exposed venal officials and eulogized heroes and fighters. That is why Deng Liqun hated him so much that he could not be happy with anything less than his removal from office. When he was correspondent of ZHONGGUO QINGNIAN BAO, Liu Binyan and Hu Yaobang, who was then secretary of the Central CYL, were on very good terms. After Hu became head of the CPC Central Committee Organization Department after the Cultural Revolution, he made endless efforts to protect Liu. Were it not for that, Liu Binyan and others would have been removed from office.

Li Honglin was once a junior official who was completely under the control of Minister Deng. However, after the Cultural Revolution, nothing could daunt people. The junior official flatly refused to kowtow to Minister Deng. He even argued with the minister in a form of "making a self-criticism" at the height of the "anti-pollution" drive. After the drive came to a premature end, he made his argument with the minister known to the public by pushing a collection of his views entitled "A Theoretical Storm."



Publication of the book, no doubt, made the minister (though he had already been thrown out) fly into a rage. This is why he attacked his former subordinate at the recent meeting.

#### A BLACK SHEEP IN THE CPC CENTRAL COMMITTEE SECRETARIAT

Seeing that Deng Liqun "lost his temper" at the recent meeting, we would like to ask him a question. At a time when China is striving to fulfill the major tasks of opening to the world, eliminating age-old malpractices, mopping up extreme leftists, and building the four modernizations, what on earth does Deng Liqun want to do -- play a positive or negative role?

Like most of the CPC officials in the cultural revolution, Deng Liqun was also attacked and knocked down. However, after the Cultural Revolution, he brushed the dust off his pants and stood up again on the strength of the people opposing extreme leftists and by virtue of the blood shed by numerous ardent youths (for example, those who shed blood in the April 5 Tiananmen incident). Then he rose steeply by a lucky coincidence and even climbed to the throne of head of the CPC Central Committee Propaganda Department. However, after he climbed to power, he immediately went all out to get rid of those who had rendered outstanding service but held different views from him. He imitated the practice of the "gang of four" that "those who attack me are wrong, but I am correct when I attack you." Meanwhile, he also attempted to restore the extreme leftist line by means of the "anti-pollution drive."

The surprising move by Deng Liqun at the recent meeting also reminds us to ask him another question. As the ousted head of the CPC Central Committee Propaganda Department and the member of its Secretariat who is no longer [as published] in charge of propaganda work, why does Deng Liqun have the right to attack by name the chairman of the All-China Journalists Association and member of the NPC Legislative Affairs Commission? Why does he have the right to attack by name a well-known writer who enjoys a great reputation at home and abroad and is the vice chairman of the Chinese Writers Association? Deng Liqun always puts pressure on others to pay attention to "party spirit" and the "party's organizational discipline." However, may we ask where his "party spirit" and "organizational discipline," were when he attacked some people by name behind their backs and without collective discussions?

All this shows that Deng Liqun is a black sheep in the CPC Central Committee Secretariat. At a time when the CPC is striving to promote the modernization program and create the image of an enlightened reformer at home and abroad, it should avoid all the pernicious influences of extreme leftists like a tiger, and keep at a distance from all extreme views for sowing discord and damaging unity as if they were the plague. For this reason, the highest CPC authorities should ask the ex-minister who likes to stir up trouble to withdraw from the CPC Central Committee Secretariat.

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